EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

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BEIRUT
Flak jackets and pinstripes
Page 16

World News

Ethiopia claims to have foiled coup attempt

Military activity in the Ethiopian capital of Addis Ababa raised speculation that President Mengistu Haile Mariam had been overthrown while visiting East Germany.

Tanks and armoured personnel carriers surrounded the Ministry of Defence, while helicopter gunships circled the city and troop carriers were reported to be in position on the road to the airport. State run radio claimed that an attempted coup had been foiled. Page 4

Moslem leader killed

Sheikh Hassan Khaled, 68-year-old Grand Mufti of the Sunni Moslem community in Lebanon, was killed by a powerful car bomb in West Beirut. Twenty-one others, including his driver and three bodyguards, were also killed in the blast. Page 16

Arabs told to leave

The Israeli army ordered Arabs from the Gaza Strip to leave Israel and return home while troops made mass arrests in raids on several West Bank villages. Page 4

Angola peace plan

Seven African nations endorsed a peace plan put forward by the Angolan government to end its 13-year-old war against Unita rebels. Page 4

EC challenge

The UK Government is considering challenging in the European Court of Justice over the extent of the European Commission's authority to impose directives on member nations. Page 16

Nakasone to testify

Yasuhiro Nakasone, the former Japanese prime minister, has agreed to give evidence before the Parliament about his role in the Recruit scandal. Page 4

Panama evacuations

The US will offer evacuation flights from Panama for all military personnel dependents who wish to leave, administration officials said.

S Korea on alert

The South Korean Government put national police on alert to block possible protests over the mysterious death of a student and the anniversary of a bloody 1980 uprising.

SA frees activists

South Africa has released six black anti-apartheid activists, all members of the banned United Democratic Front, after holding them without trial for three years, human rights lawyers said.

Iraq to export oil

Iraq plans to resume crude oil exports from the Gulf on June 1, days before a key Opec meeting, to underline its strength as a producer and warn Iran to respect Opec sales limits, oil analysts said.

Suzman retires

Helen Suzman, one of South Africa's most highly-respected anti-apartheid campaigners, is to retire from parliamentary politics before this September's general election at the age of 72. Page 4

Divorce suit protest

More than 1,000 workers in Diyarbakir, Turkey, filed suits to divorce their wives on grounds they cannot support a family on their incomes, a union official said.

Business Summary

WPP bid of $864m accepted by Ogilvy

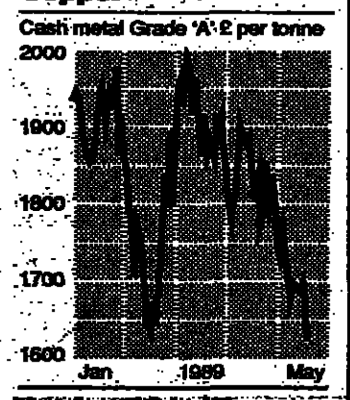
OGILVY GROUP, big US advertising company, has agreed after a short and acrimonious fight to a $864m takeover offer from WPP Group, UK advertising and marketing services conglomerate run by Martin Sorrell. Page 17

EUROPEAN COMMISSION is expected to defuse the long-running row over dumping of Japanese memory chips with proposals to establish prices below which manufacturers would not be able to sell their products. Page 16

SIR GEOFFREY Howe, UK foreign secretary, held out the prospect that Britain could one day become a full member of the European Monetary System but rejected proposals for European economic and monetary union. Page 10

ERICSSON, Swedish telecommunications equipment group, announced a 750 per cent jump in profits before appropriations and tax for the first three months of 1989. Page 19

COPPER: Grade A copper ended in London with only a very small backwardation – where the price for immediate delivery is higher than the



three-month price. The spot price was £1,622.50 a tonne while three-month metal ended at £1,622.25, down £26.5 and £24.75 a tonne respectively. Page 34

CRAY Research, large US-based supercomputer manufacturer, has signed a reciprocal marketing agreement with Control Data Corporation of the US under which Cray will provide its full line of supercomputers to Control's customers. Page 17

FABRIQUE NATIONALE, Belgium's leading arms-making company, disclosed that it had lost BF5.798bn ($145m) after restructuring costs in 1988. Page 19

VOLVO, world's second-biggest manufacturer of heavy trucks, has signed an agreement with Daewoo, one of South Korea's largest companies, for the importation and distribution of trucks. Page 5

MITSUBISHI Trust & Banking Corporation, Japan's largest trust bank, will seek a listing on the London Stock Exchange next month. Page 23

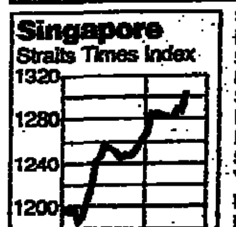
US SEMICONDUCTOR industry executives have drawn up plans for a major new memory chip manufacturing consortium with a high-volume 4-megabit Dram plant expected to cost about $500m. Page 18

ALAN BOND, Perth brewing and media tycoon, hit back at critics of his debt-laden Bond Corporation, pledging further asset sales and a strong earnings result for the current year. Page 20

ICI AUSTRALIA, 62.4 per cent quoted subsidiary of the British chemicals group, boosted net profits 13 per cent to A$88.6m (US$68.9m) in the six months to March on a 10 per cent rise in sales to A$1.49bn. Page 20

RICOH, Japanese office automation and information equipment company, reported an 18.1 per cent rise in annual pre-tax profit. Page 20

MARKETS



INTEREST RATES
US lunchtime
Federal Funds $9\frac{11}{16}$% (same)
3-mth Treasury Bills: yield: 8.5% (8.45)
Long Bond: $100\frac{5}{32}$ ($100\frac{3}{32}$)
yield: 8.832% (8.84)
London
3-month interbank: close $12\frac{27}{32}$% (same)

STERLING
New York close
$1.64325 (1.6410)
London:
$1.6395 (same)
DM3.1850 (same)
FFr10.7600 (10.7600)
SFr2.8450 (2.8500)
Y225.00 (same)

DOLLAR
New York close
DM1.93875 (1.9385)
FFr6.5565 (6.5495)
SFr1.7305 (1.7375)
Y136.775 (137.175)
London:
DM1.9435 (1.9420)
FFr6.5750 (6.5625)
SFr1.7360 (1.7385)
Y137.30 (137.20)

GOLD
New York latest
Comex June
$376.5 (same)

STOCK INDICES
New York close
Dow Jones Ind. Av.
2,453.45 (-10.44)
S&P Comp
315.47 (-0.69)
London:
FT-SE 100
2,136.7 (-13.2)
World:
144.37 (Mon)
Tokyo
Nikkei Ave
33,926.45 (+210.16)
Frankfurt
Commerzbank
1,672.5 (-12.2)

OIL
Brent 15-day (Argus)
$18.90 (+0.425) (June)
West Tex Crude
$21.145 (+0.425) (June)

Europe faults latest Boeing jets on safety standards

By Lynton McLain in London

EUROPE'S aviation authorities have told Boeing that its latest jumbo jet does not meet their safety standards, just days before the first of 55 of the aircraft for European airlines was due to arrive in Europe.

Britain, West Germany, France and the Netherlands in a joint approach have told Boeing that the 400-seat 747-400 was being built to the standards of nearly 20 years ago. The authorities say the jet does not meet the latest standards although it is one of the latest airliners.

The 747-400, the world's most powerful airliner, is in service with North West Airlines of the US and Singapore Airlines and has been certified by the US Federal Aviation Administration, which has different standards to those in Europe.

Boeing said yesterday that a representative of the Netherlands' regulatory agency would meet Boeing officials today in Seattle, where the aircraft are made, to review certification of the 747-400 for operation by KLM Royal Dutch Airlines, the first operator in Europe.

KLM was to have accepted delivery of the first 747-400 for Europe tomorrow and Lufthansa, the West German airline, was to take delivery of its first 747-400 on May 20, four months late. British Airways said it was scheduled to receive its first 747-400 by the end of next month, three months late.

All the aircraft are late because of production and flight test problems at Boeing. These are associated with the range of different configurations demanded by airlines.

Britain's Civil Aviation Authority said: "We are being asked by Boeing in 1989 to certificate an airliner to the standards of the early 1970s. There is disquiet that Europe should be asked to certificate an airliner that is not up to the latest safety standards."

The latest standards have been a requirement by European airworthiness authorities since 1980. They were introduced after the crash of a Turkish Airlines' McDonnell Douglas DC-10 airliner near Paris in the late 1970s. The cargo door failed, causing decompression which crippled the floor containing the aircraft's control rods and wires.

Soviet Union and China bury three decades of acrimony

By Quentin Peel in Peking

PRESIDENT Mikhail Gorbachev of the Soviet Union, and Deng Xiaoping, China's veteran leader, yesterday solemnly shook hands in Peking's Great Hall of the People to mark a restoration of normal relations and the end of 30 years of ideological confrontation.

The restoration of ties between the two Communist giants means the revival not only of bilateral relations between the governments, but also of links between their ruling Communist Parties, after years of mutual vilification.

The summit meeting went ahead despite massive demonstrations by up to 300,000 students and their supporters in Tiananmen Square outside the Great Hall, demanding more democracy and a free press in China.

The students, their numbers swollen with reinforcements arriving throughout the day, present the greatest challenge to the Communist Party leadership in general, and Deng Xiaoping in particular, since the party came to power in 1949.

The Chinese leader, now 84, looked frail and slow as he greeted his Soviet guest, but nonetheless conducted two and a half hours of talks on the whole range of Sino-Soviet and

Soviet leader Mikhail Gorbachev (left) and Deng Xiaoping, the Chinese leader, lunch in the Great Hall of the People yesterday, the second day of the Sino-Soviet summit

international relations without undue fatigue.

He revealed that a speech by Mr Gorbachev in Vladivostok in 1986 had inspired him to seek the reconciliation, although it had still taken three years to reach a summit meeting.

The Soviet leader spent the day in talks with China's three most powerful men: apart from Deng, he met Zhao Ziyang, the Communist Party leader, and Li Peng, the Prime Minister.

Discussions on the reform process in both countries dominated the meetings, with Mr Gorbachev keenly questioning his counterparts on the economic reforms in China, and explaining the progress of perestroika in the Soviet Union.

He also offered the prospect of demilitarisation of the Soviet-Chinese border, and a complete withdrawal of Soviet troops from neighbouring Mongolia, as part of the revival of friendly relations and co-operation.

The Soviet side proposed that a high-level military commission be established to agree on troop cuts and redeployment to ensure that both sides adopted a purely defensive strategy, officials said.

The level of forces along the border has been one of the three fundamental obstacles to a normalisation of relations raised by the Chinese side.

Of the other two, Soviet withdrawal from Afghanistan is already complete. Disagreements remain on the third – the Vietnamese withdrawal from Cambodia – but the issue was postponed after a brief discussion with Deng to a meeting of the two Foreign Ministers.

Continued on Page 16

Minorco bid for Gold Fields fails

By Kenneth Gooding, Mining Correspondent, in London

MINORCO, the South African-controlled investment company, last night conceded defeat in its battle for Consolidated Gold Fields. It said its £3.5bn ($5.9bn) hostile bid for the diversified UK mining group – the biggest ever made in Britain – would be allowed to lapse at midnight tonight.

Sir Michael Edwardes, Minorco's chief executive, said: "We can't win now. We are not going to do anything but exit with dignity."

He was speaking after Judge Michael Mukasey of New York had refused to lift an injunction preventing Minorco from buying any more shares in Gold Fields. The judge also denied the company a stay of his order pending an appeal, commenting: "That Minorco has only until tomorrow to appeal this decision is regrettable."

Sir Michael said: "We tried our best. We felt our latest submission was powerful but he threw it all out." Minorco would not appeal in New York, defy the US court, or go back to the UK Takeover Panel and clearly the offer would lapse, he said.

"We are still a 30 per cent shareholder (in Gold Fields). The other side made a lot of promises in the course of the bid. We will watch closely to see what happens." Sir Michael said that Minorco would call an urgent board meeting next month and there would be no decisions until then.

When told of Sir Michael's admission of defeat, Gold Fields said: "It has been a long, hard siege. We're delighted. We are opening the champagne at last."

The bid's failure will be seen as a major setback to the ambitions of Mr Harry Oppenheimer of Anglo American Corporation of South Africa. Anglo and its sister company De Beers between them own 60 per cent of Minorco, a Luxembourg-registered company.

The stock market anticipated Minorco's defeat and before the news arrived from New York Gold Fields' share price had fallen by 45p to £12.73. Minorco's price rose 13p to £7.11.

The bid, the longest-running and largest in UK corporate history, was also probably the one which aroused the most controversy.

Not least was the fact that Gold Fields refused to give up even though Minorco owned or had acceptances for nearly 55 per cent of its shares. That the eventual outcome rested on the decision of a relatively junior judge in the US will also raise some hackles.

TV chief removed after attack on Ligachev

By Bruce Clark in Moscow

THE HEAD of Soviet broadcasting was replaced last night amid growing controversy over the recent airing on television of an attack on Mr Yegor Ligachev, the Kremlin's leading hardliner, in which he was accused of corruption.

Tass news agency reported that "The Praesidium of the USSR Supreme Soviet relieved Alexander Aksyonov of his duties as Chairman of the State Committee for Television and Radio in connection with his retirement."

Mr Aksyonov's position had already been undermined after a recent television programme suggested that Lenin's body should be removed from its mausoleum on Red Square, a blasphemous idea for most Soviet Communists. But there was speculation last night that the true cause of his dismissal was the condemnation of Mr Ligachev on Soviet television on Friday by Mr Nikolai Ivanov, a prominent lawyer. Mr Ivanov said that he had discovered Mr Ligachev's name in files relating to a corruption scandal.

Yesterday, Mr Ligachev issued a statement to the Novosti news agency in which he "resolutely denied" the "slanderous statement" made by the lawyer on television. Novosti said that Mr Ligachev noted that he had been "accused of complicity in illegal acts". The agency added that Mr Ligachev "insists that the case be thoroughly considered and the results be reported in the press."

Charles Hodgson killed in crash

CHARLES Hodgson, one of the FT's political correspondents, died on Monday at the age of 53 in a car crash in Portugal, where he was on a short sabbatical leave.

He joined the newspaper's International Edition in 1982 after several years in Brussels reporting on European Community affairs for publications around the world. He served on the FT's foreign desk as editor of the American and then the European pages before moving a year ago to report from the British Parliament.

Sir Geoffrey Owen, editor of the FT, said: "Charles Hodgson's death is a tragic loss. He had already made a substantial contribution to the FT as an editor and a writer and had a very bright future on the paper."

He leaves a wife, Maria Manuel, a father and mother, two sisters and a brother. Obituary, Page 10

Murdoch files lawsuit against Disney and drops TV venture

By Raymond Snoddy in London

MR RUPERT MURDOCH, head of News Corporation, the international media group, has dropped plans to launch a Disney Channel on satellite television in the UK and filed a $1.5bn lawsuit against the Walt Disney Company in Los Angeles.

The suit accuses Disney of fraud, of ignoring and denying agreements, and using "economic leverage to exact unjustified concessions from those with whom they contract and deal."

Disney said last night that it was surprised at the suit which it said had "absolutely no merit."

Mr Murdoch and Disney announced last November a joint venture to launch the Disney Channel in the UK and to fund and run Sky Movies, the film channel on Sky Television, Mr Murdoch's satellite television venture.

It is clear however that there have been significant disagreements between the two organisations ever since the deal was announced. The suit alleges that Disney wanted to renegotiate aspects of the agreement.

Mr Andrew Neil, executive chairman of Sky Television, said yesterday: "We are suing because we don't believe Disney has kept to the joint venture arrangement."

The suit alleges that Disney did not fulfil its side of the bargain by paying the $75m each side of the joint venture was supposed to invest.

The legal complaint is accompanied by a letter from Mr Barry Diller, head of Mr Murdoch's Twentieth Century Fox studios, offering to set up a hot line to defuse the difficult relationship between the two partners. The suit alleges that senior Disney executives did not reply to the offer.

Mr Neil was speaking after the announcement yesterday of a deal with Mr Robert Maxwell, chairman of Maxwell Communication Corporation, that will give Sky Television channels access to Mr Maxwell's cable television networks.

The basic Sky Channel is already on the Maxwell cable networks but yesterday's five-year deal with Mr Maxwell's Pergamon Media Trust will give Mr Murdoch immediate access to more than 50,000 cable subscribers for channels such as Sky Movies.

Mr Maxwell, who tried last year to sell his cable television networks, said this was an occasion when he was quite happy to do business with Mr Murdoch, his publishing rival.

Mr Neil said yesterday he regarded the loss of the Disney Channel as a pity but not a body blow.

Sky is not going ahead with plans for a dedicated arts channel and for the moment at least Sky Television will operate five rather than six channels.

Although the collapse of the Disney Channel plans was clearly a further setback for Sky, there was a also sense of relief at the company that it was again in control of its destiny.

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President Ceausescu's programme to level 8,000 Romanian villages means that the now rural apartment dwellers have become net consumers of precious food at a time when city folk are eking out an ever more frugal existence
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The villages Ceausescu levelled in search of order

Leslie Collit, on a rare visit by a Western correspondent, investigates Romania's policy of rural resettlement

MRS MARIA Butoi proudly showed a visitor the new three-room flat she and her husband Grigore were given a year ago in the village of Ghermanesti, a budding agro-industrial complex north of Bucharest which is a model for the rural upheaval which is to take place throughout Romania.

The peasant couple was forcibly moved into the flat under the programme of *sistematizare* (ordering) – the elimination of up to 8,000 unviable villages to raise rural living standards to urban levels.

Western protests against the plan have rained down on Romania since President Nicolae Ceausescu outlined his plan for rural resettlement in March last year. Neighbouring Hungary alleges that 1.7m ethnic Hungarians, many of them living in rural areas of Transylvania, will be uprooted.

But the Romanian authorities have flatly refused to allow international organisations to investigate the progress of *sistematizare*.

The Butoi's old farmhouse less than three miles down the road was levelled along with their ancestral village of Vladiceasca. Fields of grain ripen in its place on both sides of the road leading to the summer resort of Snagov. There is no trace of the dozens of pastel-hued farmhouses that made up the village.

Its residents were given eight months advance warning that their homes were to be destroyed and were told not to make repairs or plant their gardens. But many of them tried to forget the orders, hoping they would not be carried out, like so many other Romanian directives.

In the end they had two days to tear down their cottages or pay to have them bulldozed. As the sites of their homes were to be planted with crops they received no compensation. On the other hand, villagers in Ghermanesti whose homes were replaced with blocks of flats were given some money by the state.

Every timber and wooden window frame was saved by the Butoi family from their old house to heat the new flat in a four-storey building with a stucco facade and red-tile roof which had just been built. From an architectural point of view, at least, it was an improvement on most of the pre-fabricated slab apartment blocks in Eastern Europe.

The oven-heated flats have simple bathrooms with running water, a bathtub and toilet – none of which normally exists in the old farmhouses. Balconies are decorated with flowers and the families have hung colourful Romanian embroideries from their old home on the concrete walls of their tiny flats.

But the Butoi family and their neighbours, all of whom work on a state farm, have not only lost their homesteads. They are now without the household gardens which fed them and provided a surplus of eggs and produce which were sold at the side of the road to Bucharest.

Romanian officials may have been anxious to provide the President with visual proof that they were carrying out his rural modernisation scheme

Some tenants have doggedly planted vegetables on the communal property surrounding the apartment blocks. A few hastily-built wooden sheds for chickens and hens stand to the rear of the buildings. The rural apartment dwellers of Ghermanesti, however, have become net consumers of precious food at a time when city dwellers are eeking out an ever more frugal existence.

Rows of new apartment blocks stretch to the rear of the Butoi's flat and cranes loom over a House of Culture under construction. Nearby, several peasants probed a field with sticks where their houses had stood. They were searching for personal remains which might have been ploughed under.

By some stroke of luck or vagary of planning, the farmhouses on the other side of the road and in the rest of the village were spared. Ghermanesti had swallowed up all the residents of Vladiceasca and a number from adjoining Ciofliceni where some cottages had been levelled.

Two villages have been wholly eliminated – Vladiceasca and 30 December to the south of Bucharest which was in the path of a canal project. Part of Ciofliceni has been razed as well as farmhouses in Ghermanesti and Snagov where flats are still being built.

The village of Otopeni near Bucharest's international airport has also been partly eliminated to make way for blocks of flats. All the razing has taken place in a 30-mile radius of Bucharest.

A spate of reports in the Western media last year that ethnic Hungarian and German villages in Transylvania and the Banat region were being bulldozed were apparently incorrect. They seem to have been based on Hungarian and German fears that ethnic villages were a special target of *sistematizare* as part of Bucharest's policy of Romanisation of minorities.

Mr Gabor Iklody, a Hungarian diplomat in Bucharest, says he has seen no sign of villages being razed in Transylvania. Massive new housing, however, rings the cities and towns of Transylvania to accommodate workers brought in from elsewhere in Romania, a process which dilutes their Hungarian character.

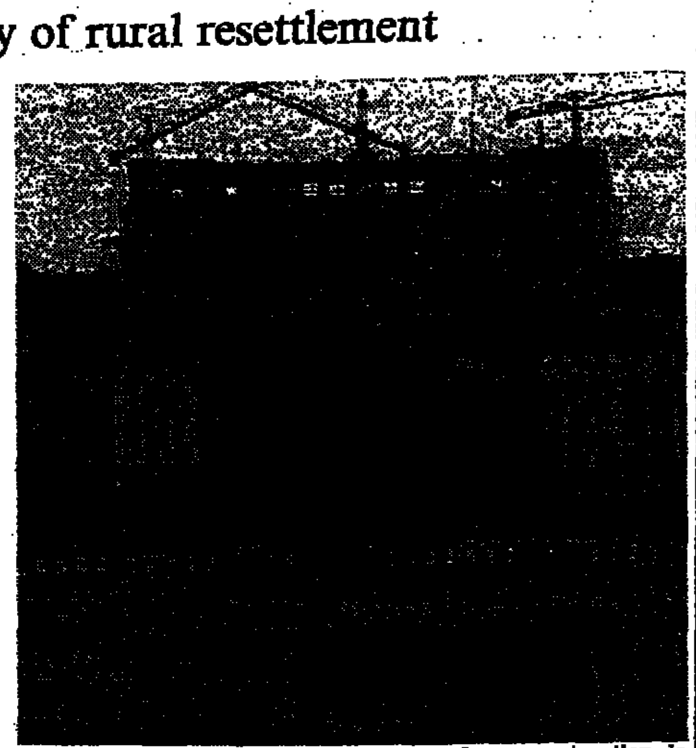
Western diplomats who travel widely in the countryside have been unable to discover bulldozed villages apart from those near Bucharest.

It is perhaps significant that four of the "systematised" villages lie on the road which President Nicolae Ceausescu takes when he is driven from Bucharest to his summer residence at Snagov. Romanian officials may have been anxious to provide the President with visual proof that they were swiftly carrying out the more than 20-year-old rural modernisation scheme which he gave new impetus last year.

The rural upheaval elsewhere in Romania may be a good deal slower, if only because of a shortage of cement to build new flats. On the other hand, it is difficult to believe that Western protests have induced the leadership to alter its plans.

Some East European officials suggest that in the future the bulldozing of villages will be the exception rather than the rule. They note that the number of communes throughout Romania is to be greatly reduced.

This they believe is to be done by making life in the villages that make up the communes so difficult that they will be voluntarily abandoned by their inhabitants. Bus services to the villages may be halted so that the many men who work in the towns will be unable to commute and will be forced to move away. Village schools for children above 12 years of age could be shut down along with food shops.



Palace of the Republic in Bucharest, whose construction is thought to symbolise Ceausescu's radical reordering of Romania.

Bush under attack in Moscow for 'poverty of ideas'

SOVIET newspapers yesterday criticised US President George Bush for what they called a disappointing lack of new ideas on East-West relations in his first major foreign policy speech last week, Reuter reports from Moscow.

Commentaries in the Communist Party daily Pravda and the armed forces newspaper Krasnaya Zvezda said Mr Bush had failed to respond to Soviet initiatives, including a new offer to cut 500 short-range nuclear warheads from Eastern Europe.

"We must say right away that what we heard could not but cause disappointment. Practically nothing new could be found in this speech," Pravda said.

"Such a poverty of ideas is especially striking against the background of a whole range of Soviet initiatives directed at constructing a safe, nuclear-free world."

Mr Bush ended four months of virtual silence on East-West relations with a speech on Friday at a Texas university.

He declared his goal was to "welcome the Soviet Union back into the world order," and challenged Moscow to tear down the Iron Curtain and open Soviet skies to aerial surveillance.

Pravda spurned the "open skies" proposal as a recycled idea from the 1950s and said it made little sense when reconnaissance satellites already operated in the skies and military inspections were being carried out on the ground.

Indignant at his offer to welcome the reforming Soviet Union back into the world order, the newspaper added: "The revolutionary changes which occupy the Soviet people are carried out not to please anyone abroad. We need perestroika for ourselves, for our country, for our people."

Krasnaya Zvezda said Mr Bush sought unilateral concessions from Moscow without offering anything in return, and was trying to impose conditions for better US-Soviet relations.

"In the speech one could hear the word 'if' more often than anything else," the paper said. "If the Soviet Union does this and that... then maybe the United States will agree to this or that."

Pravda noted however that one speech did not determine the whole atmosphere of US-Soviet relations. The visit to Moscow last week by Mr James Baker, the US Secretary of State, had reactivated the superpower dialogue, it said.

"Not just the people of the USSR and US, but the whole world is interested that the constructive Soviet-American dialogue continue successfully," it said.

W German trade surplus with rest of EC increases

By David Goodhart in Bonn

A DETAILED breakdown of the West German trade flow, published yesterday by the Federal Statistical Office, shows that in 1988 more than 70 per cent of exports went to Europe, 8.9 per cent to the US and Canada and 4.4 per cent to Eastern Europe and Asia.

Exports to other EC states rose 11 per cent to DM308.2bn (£97bn) or 54 per cent (53 per cent in 1987) of total exports, while imports from EC states rose 5.5 per cent to DM227.4bn or 52 per cent (53 per cent) of the total. About two-thirds of Germany's trade surplus last year, DM128bn, was thus accounted for by the EC.

Non-EC Europe's trade deficit with Germany remained static. German imports rose 7.1 per cent to DM70.1bn but exports also rose 6.6 per cent to DM106.3bn. That represents 16 per cent of total imports and 19 per cent of exports.

North America considerably improved its trade balance with Germany although that may reflect increased German production capacity inside the US. Imports from North America rose 13 per cent to DM32.7bn and exports weakened slightly to DM50.5bn - marking a drop in the share of total German exports from 10.4 per cent to 8.9 per cent.

Hungary denies breaking international agreement

By Judy Dempsey in Vienna

THE Hungarian authorities yesterday denied that they had broken any international agreements after suspending all work on a controversial dam project on the river Danube at the weekend.

An agreement to build the giant hydro-electrical dam at Nagymaros in northern Hungary, which was to be twinned with another at Gabcikovo in Czechoslovakia, was signed in 1977. Yesterday, Mr Gyula Horn, the recently appointed Hungarian foreign minister, rebutted claims by the Czechoslovak authorities that his country had reneged on an international treaty.

"If such circumstances and conditions were unforeseen at the time and serious developments could not then be seen then there should be grounds of re-negotiating the treaty," he said on Hungarian television.

Meanwhile, in sharp contrast to the Czechoslovak reaction, the Austrian government, which lent Hungary over Sch5bn (£220m) to construct the dam, said it would "respect" Budapest's decision. However, Viennese bankers and the Verbund, the giant state-owned utilities company, are less than happy with the decision.

Polls show Solidarity support

By Christopher Bobinski in Warsaw

OPINION POLLS carried out by Solidarity, the independent Polish trade union, in two large provincial towns suggest that the union can expect considerable support in Poland's June 4 national elections.

The polls also indicate that the turnout in the elections will be high.

In Wroclaw, 68 per cent of those polled said that they would vote in the elections and of those, 44 per cent said they would support Solidarity.

Only 22 per cent said they would vote for its opponents, and 23 per cent were still undecided.

A further 11 per cent said that they intended to choose candidates on their personal merits.

Solidarity is competing in the elections against Communist Party and allied candidates in a free ballot for a 100-seat senate.

The union is also hoping to fill the 35 per cent of the seats that are reserved for the opposition in the 460-seat lower house of Parliament, the Sejm.

According to the opinion polls published in Solidarity's Gazetta Wyborza daily, the turnout in Krakow will be 60 per cent, with 91 per cent declaring their confidence in Mr Lech Walesa, the Solidarity leader.

An official poll in the city suggests that 47 per cent would vote for Solidarity and that 7 per cent will support Communist party candidates.

However, 38 per cent of the respondents said they would judge candidates on their personal merits and would not vote according to party or opposition allegiance.

Krakow voter confidence in General Wojciech Jaruzelski – who is not standing in the elections – is relatively high at 40 per cent, and Mr Mieczyslaw Rakowski, the Prime Minister, had the support of 37 per cent of the respondents.

These results cannot be compared with government opinion polls, which are being conducted around the clock but whose findings are not published.

EC to issue charter for workers today

By David Buchan in Brussels

THE European Commission is today expected to issue workers' rights and tax proposals – which officials claim that they have toned down to placate Mrs Margaret Thatcher, the Prime Minister, as the British leader is railing about EC encroachment on nation states' sovereignty.

UK diplomats say that even toned down, however, the proposed "social charter" of workers rights is likely to get a hostile reaction from London – particularly during the gathering election campaign for the European Parliament.

The social charter would take the form of "a solemn declaration" by EC governments heads and give the Commission a mandate to prepare detailed legislative proposals. It focuses on workers' rights to decent pay, set hours, insurance protection, free movement, union membership and collective bargaining.

General references to education, however, have been excised. The UK Government's recent objection, in the context of the Lingua foreign-language training project, that pre-university education lies outside Community competence has not gone unnoticed in Brussels.

Commission's 25 proposals on single financial services market 'not enough'

By Alan Friedman and John Wyles in Venice

FT CONFERENCE
EUROPEAN BANKING

THE 25 proposals set out in the European Commission's programme for achieving a single financial market will need to be supplemented by others if all national barriers to the provision of financial services are to be removed, the FT banking conference was told yesterday.

Mr Geoffrey Fitchew, the Commission's Director General of financial services and company law, said that so far EC governments had approved 12 of the 25 proposals and had reached "common positions" on two others.

New initiatives would be needed, however, because of omissions in the 1985 White Paper on the Single Market. The Commission was now giving a priority to the question of capital adequacy rules for securities businesses because existing regulation deals only with credit risk.

Discussions with member governments had begun on how to provide adequacy requirements for interest rate risk, foreign exchnage risk, position risk and settlement risk "and it is already clear that finding solutions will not be easy," said Mr Fitchew.

On this and other issues, such as the division between home and host country control the Commission's approach is to wait until problems are thrown up "and hopefully solved by the market itself."

A vigorous defence of of the market's ability to resolve its own problems was delivered by Mr Hans-Jorg Rudloff, chairman of Credit Suisse First Boston. He argued that it was impossible to harmonise differing structures through political negotiation and that markets must be left themselves "to bridge these difficulties."

Emphasising the important role of deregulation in facilitating the development of global financial markets, he also warned that the EC would have to face "profound restructuring and profound suffering" in some industries after 1992.

This was inseparable from competition and would stimulate calls for a retreat into more protected arrangements. This was evident from within the securities industry itself which was suffering from overcapacity and erosion of margins.

Cartels and protected turf still existed in financial services and it was time that people in the industry stopped paying just lip service to liberal values.

Giving a British view of the European single market, Sir Robert Wade-Gery, a director of Barclays de Zoete Wedd, said that the single market was seen as part of the City of London's wider strategy of developing an international basis for its operations.

The globalisation of securities and banking operations would be taking place independently of the single market, but was also being stimulated by it. London could certainly expect to do well in some areas but there would be "no easy victories because many of London's skills have already been replicated on the Continent", and others would be.

Retail banking was seen as the area least likely to be affected by 1992, with the exception of the technologically-aided central delivery of consumer services. There may be some pull of equities business towards London which could, however, be the laggard in developing demterialised settlement systems.

A French assessment of the impact of 1992 was delivered by Mr Alexis Wolkenstein, executive director of the International Division at Credit Lyonnais SA. He said that the single market was already a fact in many banking and financial areas, but would take longer to achieve in others, despite the opening of frontiers - because of local factors.

As a result,the degree of exposure to wider competition will not be the same in all product lines and for all customer brackets.Credit and payment systems could expect "harsh competition" but customised products such as global operating credits, personal loans, treasury services and portfolio management consultancy will feel less impact.

A similar view from Spain was offered by Mr Emilio Botin, chairman of Banco Santander. Spanish banks had become well capitalised and profitable since the lifting of interest rate controls in 1977 and 1981 and were pursuing differing strategies with an eye to 1992.

Some were seeking to grow in the domestic market through mergers while others were restructuring domestically and seeking foreign alliances – as Santander had done with the Royal Bank of Scotland. Domestic banking margins in Spain were bound to fall with the growing presence of foreign banks of which there were now more than 40 with a combined market share of 15 per cent.

Mr Robin Hutton, Director-General of the British Merchant Banking and Securities Houses Association, described the process by which financial services have significantly outgrown the pattern of regulation currently in existence and issued a plea for the development of an adequate international system of clearing and settlement in all the relevant currencies as well as for greater coordination among regulators in different national markets. These steps would be absolutely essential in order to ensure that financial markets remain open.

The complexity and fast-changing nature of the international banking and financial system was a theme also underscored by Mr Martyn Taylor, a partner of Deloitte Haskins Sells. Mr Taylor pointed out the need for regulators across Europe to be sufficiently imaginative and adaptable to keep up with the rapid pace of change in the markets so that financial regulation would be brought into the 1990s by the time that 1990 arrives.

Looking at the European banking system from an Italian point of view Professor Angusto Schianchi, a member of the board of Banca Nazionale del Lavoro (BNL), said he did not see major Europe-wide changes over the next five years as far as commercial banking was concerned. Rather he predicted a period of "fine tuning" and restructuring in national domestic markets.

Mr Sergio Pininfarina, chairman of Confindustria, the Italian industrialists' association, said that Italian banks had made some progress this decade, but still needed to reduce cost structures and improve services.

Mr Pininfarina repeated his frequent complaint against proposed legislation that would limit to 20 per cent the amount of equity that industrial groups may own in Italian banks and urged that Italian industry be allowed to buy into banks. "We don't want a war between industry and banks. We just want to be helpful to the country," Mr Pininfarina said.

At least 16 non-Western nations 'have missiles'

By David White, Defence Correspondent

AT LEAST 16 countries in the Middle East, Asia and Latin America either possess or are developing ballistic missiles, claim the editors of a new reference work on strategic weapons.

According to Jane's Strategic Weapon Systems, published today, at least six of the countries are known or believed to have the capability to manufacture nuclear warheads.

The findings underline the serious concern of Western governments about missile proliferation, with developments like the Condor II project – on which Argentina is reported to be collaborating with Egypt and Iraq.

The book's editors identify 20 types of ballistic missile with ranges of up to 1,000 kilometres. The book says 11 of the missiles are new – either still in development or just entering service.

Co-editor Mr Duncan Lennox, a defence consultant and guided-weapon specialist, warned that weapons were being upgraded to longer ranges and that new intermediate-range missiles were emerging. He cited the Israeli Jericho II and Indian Agni programmes.

Concern rose last year with the disclosure that China had supplied Saudi Arabia with the powerful CSS-2 missile.

In their foreword, Mr Lennox and Mr Roger Loasby cite Brazil, Iran, Libya, North Korea, Pakistan, South Yemen, Syria and Taiwan as other countries outside Nato and the Warsaw Pact which are believed to have missile capabilities.

"In some instances missile acquisitions are combined with a proven capability to provide nuclear warheads and once this happens the whole thrust of de-nuclearisation by existing nuclear powers is blunted," they warn. "The existing nuclear powers are unlikely to expose themselves to nuclear threats from other sources."

They say it is unclear whether any of the missiles held by countries outside the five nuclear powers are in fact being nuclear-armed.

In addition, other kinds of warhead now under development in both the US and the Soviet Union might be just as devastating. So-called "fuel air" explosives, spread as a cloud and then detonated, would produce a blast similar to a small nuclear weapon, Mr Lennox said.

The International Institute of Strategic Studies is due to focus strongly on the risks resulting from missile proliferation when it publishes is annual Strategic Survey next week.

(Jane's Strategic Weapons Systems, edited by Duncan Lennox and Roger Loasby, Jane's Defence Data, £175.00).

Gambling on a national obsession

Peter Bruce reports on a row over computerised bingo in Spain

MR FRANCISCO Martinez is on to a good thing. If only, that is, the Spanish Government would see it that way.

In 1985, he invented a computer that allows a bingo player to run, theoretically, an infinite number of cards at once. As the caller shouts out the numbers, the computer, having read the codes on the player's cards, automatically marks the card and alerts the player should he or she win.

But Bing Data (the computer), is now at the centre of a blazing row. The National Gaming Commission has all but banned the machine, insisting that players cannot use more than four cards at a time and that no new machines be installed in almost half – the number over which it has jurisdiction – Spain's 642 bingo halls. The other bingo halls, controlled by regional governments, have not been affected, but already police, members of the Gaming Brigade, have raided halls to seal illicit Bing Datas.

Mr Martinez has fallen foul, it seems, of Mr Santiago Mendioroz, the new Technical Secretary of the Gaming Commission, who took over the post late last year. When the computers were first produced in 1986, the Commission approved them but now, says the aggrieved inventor, "without knowing a single thing about this machine he has stopped us."

Two suits have been filed against Mr Mendioroz who, claims Mr Martinez, "is flouting the law. It reminds me of Franco, or worse, (but) times have changed. We don't have to be frightened anymore."

The Gaming Commission says the computers give players rich enough to hire or buy them an unfair advantage.

Since bingo, fruit machines and casinos were legalised in 1977, the Spanish have become probably the most prolific bingo players in the world. Last year the halls sold 38m entrance tickets and grossed about Pta 531bn ($4.5bn), but paid out about 80 per cent in prizes and taxes.

Bingo halls report that Bing Data has helped to improve profits by up to 20 per cent and the owners are almost as angry with the Gaming Commission as is Mr Martinez. But Mr Mendioroz, a distinguished career civil servant, remembers that the first bingo licences were made out to non-profit making organisations who have since leased the halls to entrepreneurs.

"We are paying the price for that now," he says.

If Mr Mendioroz is slightly prudish about the numbers involved, it is probably because the bingo revolution forms only a small part of the huge gambling trade that has taken root in Spain since 1977.

In all, the nearly Pta 3 trillion spent on games of chance is about three times more than private citizens spent on insurance last year and five times more than the state spends on education.

Gamblers Anonymous groups are springing up around the country to help new addicts. Mr Mariano R. cured his alcoholism by going to bars and playing the machines instead of drinking. He quickly became addicted to the machines and remembers one binge two years ago that cost him Pta 300,000. He was earning Pta 80,000 a month as a municipal clerk.

He has started a group in Madrid, and estimates that up to 600,000 Spainiards may by now be compulsive gamblers. "The problem isn't winning," he says. "It's the compulsion. Ninety per cent of the machines are fixed anyway."

And in spite of efforts by the Gaming Commission to slow down the growth of gambling, Spaniards show little sign of stopping. The country's 22 casinos, first built to cater for tourists, now make 90 per cent of their money from locals.

Mr Mendioroz shakes his head as he reels off some of the figures. New to the Commission, he admits to have been "scandalised" by the amount of money his fellow citizens gamble.

That is unlikely to make life any easier for Mr Martinez and the Bing Data, though he is undeterred. Some 1,200 Bing-Datas are already installed in Spain and some have been sold in Portugal and even in New Caledonia. He has taken patents out in most European Community countries but wants to cover Spain first. "It's the biggest market of all," he says. And Mr Mendioroz?

A bureaucrat, explains Mr Martinez. "He won't last long."

Greece to rule on extradition after poll

By Andriana Ierodiaconou in Athens

GREECE'S Socialist Government yesterday decided to postpone a decision on whether to extradite an alleged Palestinian terrorist to the US – until after the June 18 Greek general election.

The Greek Supreme Court ruled in favour of the extradition last week. The ruling won praise from Washington, which views the case as a test of Greece's commitment to fight terrorism.

"The present Government cannot take a decision on the matter. It will be examined by the Government which emerges from the elections," Justice Minister Mr Yiannis Skoularikis said after a meeting with the US ambassador to Athens, Mr Robert Keeley.

The Socialists are currently running a poor second in the polls to the Conservative opposition. By passing the buck on the case, they resisted the temptation to fish for badly needed votes from the radical left by refusing the American extradition request.

They also side-stepped the problem of retaliatory terrorist action, which radical Palestinian groups had threatened to take against Greece if it granted extradition.

The Palestinian in the case, wanted by Washington under the name Mohammed Rashid, was arrested in Greece for travelling on a forged Syrian passport in 1987. He has claimed throughout that his real name is Mohammed Hamdan and that he is not involved in terrorism.

The US authorities charge that Rashid was involved in a 1982 bomb attack against an American passenger aircraft.

Seeking the peaceful path through a political minefield

Robert Taylor outlines the growing stature of the Stockholm International Peace Research Institute

THE Stockholm International Peace Research Institute (Sipri), whose authoritative year-book is published today, has become an increasingly important organisation in bridging the gulf between East and West in the sensitive area of arms control and disarmament.

Founded in 1966 by the then Swedish prime minister Tage Erlander to commemorate his country's 150 years of peace, Sipri acquired an early reputation for being a committed and radical body and one viewed with some suspicion by the American defence establishment.

That view of Sipri was misconceived. Its first director, Professor Robert Nield, was determined to ensure that the organisation's research was scrupulous in its use of facts. "There is no value-free research in the social sciences," he said yesterday. "But I was always very careful to make sure that our work came up to the highest scholarly standards."

It was Nield who started the annual year book, something that the old League of Nations had done before the war. "We were very much mapping in unchartered waters," he remembers.

Under his directorship the institute steered clear of taking sides on controversial issues such as the Vietnam war. Later, under the directorships of Frank Blackaby and Frank Barnaby, the organisation came in for some criticism for taking a more explicit stand on defence questions, most notably the deployment of Cruise and Pershing medium-range nuclear missiles in western Europe, which Sipri opposed. However it was Dr Walther Stützle, its director since October, 1986, who played a crucial role in the drafting of the famous 1977 Alastair Buchan lecture delivered by West German Chancellor Helmut Schmidt, calling for the introduction of those missiles into western Europe. He was a close adviser of Schmidt until the downfall of the Social Democratic/Liberal coalition in Bonn in 1982.

Much to the annoyance of some in the international peace movement, its director intends to make sure that the institute strengthens its reputation as an objective body which can be listened to with respect in Washington as well as Moscow.

"Sipri has become much better since it ceased to be run by Englishmen," was one wry comment by a defence expert at the British embassy in Stockholm recently. Certainly over the past two years its research has drawn favourable comment from western defence circles. Indeed, in 1988 there was some surprise at the sceptical tone of the director's comments on Mr Mikhail Gorbachev's disarmament moves in the Sipri year-book, which appeared to conflict with the prevailing optimism.

It was on Dr Stützle's personal initiative that research has been carried out into the hypothetical question of how western Europe could defend itself in the event of American military withdrawal. Across the Atlantic such a concept might set alarm bells ringing, but the forthcoming study will demonstrate just how much the defence of Europe and the US is inextricably linked.

"There is no alternative to the American alliance for western Europe," asserts Dr Stützle. Indeed, the Sipri study looks like giving more comfort to the supporters rather than the critics of Nato. But on the other hand, Dr Stützle is very critical of the call by Mrs Margaret Thatcher, the British Prime Minister, for a modernising of the short-range nuclear missiles based in West Germany.

"She is inflaming the situation," he argues. In his opinion, the key to progress on disarmament lies in the perfecting of verification methods. In the institute's tradition, established by Nield, he wants to "make it more difficult for the decision-makers of the East and West to avoid the facts and figures."

An important piece of current Sipri research is examing whether global security is possible in a world without nuclear weapons. "I emphasise the question-mark in that study," insists Dr Stützle. "Our mandate is to scrutinise the military and political realities for arms control possibilities."

But the institute is also concerned with what is happening beyond the super-powers. Today's year-book contains chapters on the relations between the Third World debt crisis and arms spending as well as the use of chemical weapons by Iraq.

The organisation attracts scholars from both the United States as well as the eastern bloc for its research programme. Funded almost entirely by the Swedish government, it enjoys an independence that has not been threatened. Recently Sweden's prime minister Ingvar Carlsson visited SIPRI to give a lecture and express confidence in its work.

'Sipri has become much better since it ceased to be run by Englishmen'

East and West agree on nuclear power

By Bruce Clark in Moscow

US, Soviet and British nuclear energy chiefs united yesterday in defence of the environmental impact of their industry.

Lord Marshall, chairman of Britain's Central Electricity Generating Board, and Mr William Lee of Duke Power Co of the US concurred happily as the Soviet atomic energy minister, Mr Nikolai Lukonin, described properly managed nuclear power as the most ecological form of energy.

Their defence of nuclear reactors, on the grounds that they do not contribute to global warming, followed a conference to inaugurate WANO, a body that will group virtually all the world's nuclear utilities in an information-swapping system.

Mr Lukonin indicated that in his country, where a series of nuclear energy projects have been cancelled, shut down or limited in size, the nuclear industry has had to embark on a hearts-and-minds campaign not dissimilar to that in the West. He said the Soviet nuclear authorities would work closely with local government and the public to explain to them the pros and cons of different forms of power generation. Mr Lukonin dismissed as "pure invention" a report in yesterday's Stroitelnaya Gazeta newspaper that workers in a northern Soviet meat factory suffered rashes and thyroid complaints because of radioactive meat.

Lord Marshall defended Mr Lukonin from a stream of sceptical questions from local and Western newsmen. He said the Soviet Union was now bound, through WANO, to share its problems with 138 other utilities round the world – making it virtually impossible for an accident to be covered up.

But Lord Marshall stopped short of giving a clean bill of health to the RBMK reactor design, used in Chernobyl, of which British scientists have in the past been particularly critical. UK experts are due in Moscow soon to assess Soviet safety improvements.

Church urges priest to withdraw from Euro-poll

CATHOLIC Church authorities yesterday urged an Irish priest at the centre of a bitter extradition row with Britain to withdraw from next month's elections for the European Parliament, **Reuter reports from Dublin.**

The ruling council in Ireland of Father Patrick Ryan's Pallottine Order called on him to cease all activities connected with the election campaign "in accordance with canon (church) law."

Ryan, wanted in Britain on explosives charges as a suspected Irish Republican Army (IRA) guerrilla, staged a 22-day hunger strike in November when Britain sought his extradition from Belgium.

He was flown to Dublin on a military plane, checked briefly into a Dublin clinic and to religious retreat.

He emerged last month to announce his candidacy for the European elections and to deny that he was ever a member of the IRA. Mr John Murray, the Irish Attorney-General, turned down a UK request for Ryan's extradition, arguing that he could not get a fair trial in Britain.

'New home' for Elgin marbles

GREECE yesterday announced plans to build a new Acropolis museum to house the Elgin Marbles, even though Britain has said it has no intention of returning them, **Reuter reports from Athens.**

The 2,500-year-old carved marble frieze depicting triumphant horses and riders was stripped from the Parthenon in 1800 by Britain's ambassador to the Ottoman Empire, Lord Elgin. The marbles have been at the British Museum in London since 1816.

Ms Melina Mercuri, Culture Minister, has been seeking thereturn of the frieze since 1981, when she took office.

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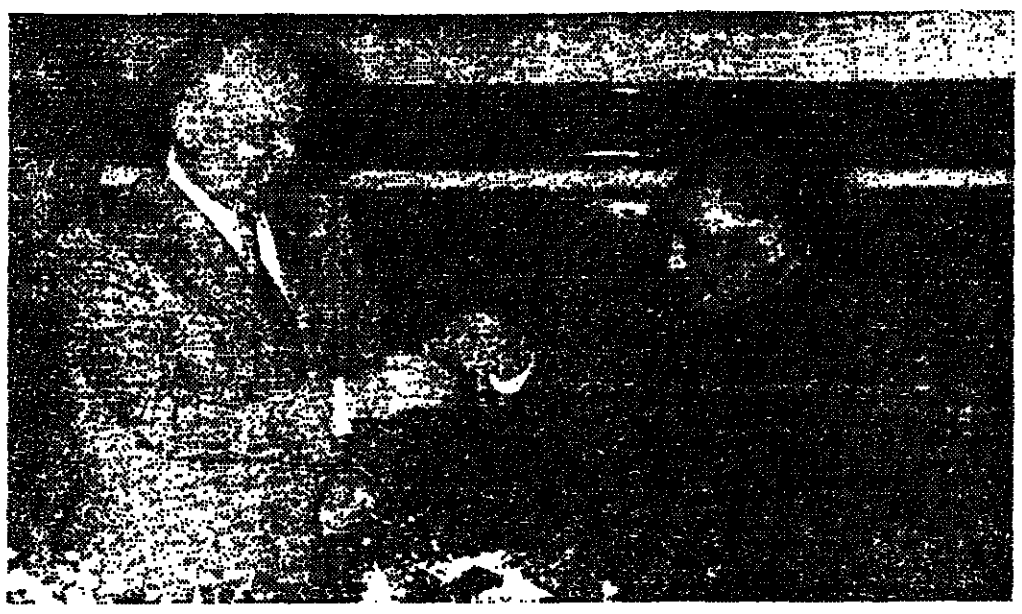


Peking toast: Mr Mikhail Gorbachev and Deng Xiaoping toast each other at luncheon yesterday

Peking in chaos as workers join protests

By Colina MacDougall in Peking

PEKING was thrown into complete chaos yesterday as thousands of workers joined the marches to Tiananmen Square in support of 3,000 students on hunger strike for greater freedoms.

Bands of workers, including doctors, lawyers, miners, oil riggers, government officials and journalists, assembled at meeting points such as bus stations, shouting slogans and waving to the crowds as they passed under the flyovers.

Outside the Trade Union Federation building a large crowd representing all China's provinces assembled, calling for independent trade unions, the right to strike and the dismissal of conservative officials.

Within the square, groups of journalists from China's leading official papers, the People's Daily, the Guangming Daily and the Workers' Daily gathered in support. The Sports Daily workers trotted briskly round the perimeter carrying a large cartoon of "Mr Bureaucracy," a fat figure adorned with spectacles and a moustache.

Public support for student protest is growing. In Tiananmen Square yesterday a huge cheer went up when the staff of the History Museum and the Revolutionary Museum, which face the Great Hall, hung out two banners, one carrying an enormous V for victory and the other a slogan which read "We can't wait any longer." Down Changan Boulevard other buildings were decked with banners.

Talks between Premier Li Peng and President Mikhail Gorbachev of the Soviet Union, originally scheduled to take place yesterday afternoon in the Great Hall of the People, were moved to the Diaoyutai Guest House in the suburbs. The Chinese authorities feared the Great Hall would be surrounded.

Traffic in shopping streets was hampered by groups of students, some from the Peking Science and Technology College, collecting money in cardboard boxes to buy soft drinks for the hunger strikers, who were into their fourth day under the hot May sun.

Student protest started after the death more than a month ago of former party leader Hu Yaobang, who they admired as a reformer.

About 300 out of the original 3,000 hunger strikers have been taken to hospital suffering from heat exhaustion, but student leaders from Peking Aeronautical and Astronautical College say others are standing by to replace them.

Emotional tension in the square is rising and a dozen students yesterday threatened to immolate themselves. They were, however, dissuaded.

Motor traffic along Peking's main east-west boulevard, Changan, has been diverted by the police, causing long delays. Troops of marchers coming in from the suburbs slowed vehicles elsewhere to a crawl.

During the afternoon a large crowd marched on Zhongnanhai, the party headquarters adjoining the Forbidden City, and were repelled by about 50 police.

Another group surged up the steps to the main entrance of the Great Hall, but were turned back.

Student leaders insist they will stick to their demands for freedom of the press, official recognition of their representatives and more democracy.

Though their aims are broad and ill-defined, they remain determined to negotiate only with government leaders who can give them what they want. Talks broke down two days ago and have not resumed.

Guangdong restricts imports

By John Elliott in Hong Kong

GUANGDONG, China's most prosperous and consumer-oriented province, has this week introduced wide-ranging *restrictions on the import of* consumer goods, including a ban on foreign cigarettes, wines and cosmetics.

The province, on the southern coast of China adjacent to Hong Kong, has escaped many of the country's economic cutbacks imposed in recent months. It is believed to have decided on the curbs in an attempt to show critics in Peking that it is prepared to try to help solve the country's serious balance of payment problems.

The move comes despite its position as the country's biggest foreign currency earner with a positive trade balance. Last year exports totalled $7.4bn (£4.5bn) compared with $6bn imports, according to *government statistics.*

The restrictions, announced in the provincial capital of Canton, are intended to apply to the whole province, including three special economic zones, of which Shenzhen is the most prosperous.

They will, however, be difficult if not impossible to enforce because there is substantial public demand for consumer goods from the US, Japan and elsewhere following rates of economic growth exceeding 30 per cent in the past two years.

There is easy access to and from Hong Kong, with thousands of people crossing the border daily. This means that demand will probably be met through increased smuggling aided by official corruption.

A government circular said that the restrictions applied to hotels owned by foreign joint ventures as well as government units and departments.

The ban included the import of canned food, garments and household electric appliances.

Nakasone agrees to testify on the Recruit scandal

By Stefan Wagstyl in Tokyo

MR Yasuhiro Nakasone, the former Japanese prime minister, yesterday indicated that he would yield to intense political pressure and give evidence before the Diet (Parliament) about his role in the Recruit scandal.

The decision could help the *ruling Liberal Democratic* Party to recover some public confidence, which has been dented badly by the affair. It might also ease the party's difficulties in selecting a successor to Mr Noboru Takeshita, the prime minister who has promised to resign over his role in the affair.

Nakasone: pressure from party

Mr Nakasone has long refused to bow to demands that he should testify – apparently for fear that he might perjure himself in explaining his role in the scandal. Alleged bribe-taking occurred when Mr Nakasone was in office.

Opposition parties have been boycotting the Diet's lower house for most of the past three months in the hope of forcing Mr Nakasone to give evidence. But the real pressure came from within the ruling party – other leaders felt Mr Nakasone had to accept some public responsibility for the scandal by testifying. This pressure increased after Mr Takeshita announced at the end of last month that he planned to resign.

It was not clear last night, however, when or on what terms Mr Nakasone would give evidence. His decision was conveyed privately to other LDP leaders and not announced publicly. Opposition party leaders are unlikely to accept anything less than immediate and full testimony.

Meanwhile, the ruling party is waiting for its Political Reform Committee to announce proposed reforms for cleaning up Japanese politics.

Likely measures include changes to fund-raising laws, and – in the longer-term – a possible switch from multi-member to single-member constituencies.

The committee is expected to recommend that Cabinet ministers, former prime ministers and other senior officials should withdraw from their factions. Mr Nakasone and Mr Takeshita have indicated their willingness to accept this change. Analysts question how effective such a reform would be, however, because faction loyalties run very deep.

● A leading Japanese opposition member of the Diet (Parliament) resigned his seat yesterday, the first politician to quit politics as a result of his involvement in the Recruit corruption scandal.

Mr Katsuya Ikeda, of the Clean Government party, has been questioned by the Tokyo District Public Prosecutor's Office which is investigating the affair.

Military activity fuels speculation of coup

MILITARY activity in the Ethiopian capital of Addis Ababa last night fuelled speculation that President Mengistu Haile Mariam had been overthrown while on an official visit to East Germany, writes Michael Holman, Africa Editor. But the state-run radio claimed that an attempted coup had been foiled.

Soldiers in tanks and armoured personnel carriers surrounded the Ministry of Defence, while helicopter gunships circled the city, while troop carriers were reported to be taking up positions on the road to the airport.

There was no immediate response from the military government which overthrew Haile Selassie in 1974. Although the past year saw significant policy changes, the regime's brutal enforcement of its doctrinaire Marxist policies further impoverished the near-feudal society.

If speculation about a coup proves correct, the event will have profound implications not only for Ethiopia but for its neighbours, in particular Sudan.

Although it is too early to say for certain, an alternative Ethiopian government is likely to respond to massive social and political discontent by pushing ahead with reforms designed to reduce state control and introduce market orientated pricing policies in agriculture.

At the same time, the new government would urgently need to negotiate a settlement of the two long running conflicts in the provinces of Eritrea and Tigray, which have helped sap the economy and undermined central government morale.

It has become apparent that the Soviet Union has been placing increasing pressure on Mengistu.

A change of government in Ethiopia could be the key to settlement of neighbouring Sudan's civil conflict. The rebel Sudan Peoples Liberation Army, fighting for autonomy in southern Sudan, has been backed by Addis Ababa.

Ethiopia wakes at last to economic reality

Julian Ozanne, recently in Addis Ababa, explains the background to events last night

THE FATE of Ethiopia's military government led by President Mengistu Haile Mariam appeared to *hang in the balance last night.*

Sapped by wars in the provinces of Eritrea and Tigre, draining an already debilitated economy, and under pressure from the Soviet Union, it is a regime ripe for change.

Recent defeats at the hands of the Eritrean People's Liberation Front and the Tigrayan People's Liberation Front, the one seeking secession, the other demanding greater autonomy, left senior and middle-ranking Ethiopian army officers demoralised and disillusioned with President Mengistu's leadership, say Western military analysts in the capital.

At the same time, the Soviet Union, Ethiopia's main backer, anxious to extricate itself from a fruitless regional conflict, had served notice on President Mengistu that change was essential. Western diplomats say that Moscow, which has provided an estimated $6bn-$8bn worth of military equipment, urged Mengistu to reach a negotiated solution to the civil wars.

The Soviet Union, claim the diplomats, refused to make any new promises of military support after the present arms contracts run out next year. Moscow turned the screw further when it expressed reluctance to reschedule Ethiopia's debts.

On the economic front, pressure has also been building up. The freshly painted red, green and gold billboards around Revolution Square still proclaim the communist slogans of proletarian struggle, but the Government has been slowly waking up to the failure of its rigid, centrally planned economy.

Western donors and diplomats say the Government has been in the throes of liberal reform after 15 bleak years of Soviet-style state socialism which, together with drought and civil war, have made Ethiopia the world's poorest country.

The move towards reform is a direct result of a speech made last November by President Mengistu to the ninth plenum of the Central Committee of the ruling Workers Party of Ethiopia.

He lamented the slow rate of economic growth, the failure of state collective farming to boost agricultural production and called for better agricultural incentives, increased private small-scale and cottage industries, and more foreign aid and investment to boost the economy and provide for Ethiopia's population, currently 47m, which is growing at 3 per cent per year.

"Economic progress has not been made at the rate we had planned," he said. "At present, the basic issue is how the private economic sector and private owners of property are involved in national reconstruction."

Steps taken on the path of reform include a revised code on joint ventures, allowing majority private control, guaranteed repatriation of profits in foreign currency and providing substantial tax exemptions to capital investors.

The fine detail of how to implement the policy statement have yet to be made by the various ministerial committees, and it remains to be seen whether a new regime would adopt the reforms. It would find, however, that work is far advanced on the promotion of small-scale industries, export development, food security and population policy. Less progress has been made on the more politically sensitive issues of land tenure, leasing, private commercial farming and pricing and marketing policy.

For several years, both western and Soviet economists have been pressurising the government to make major policy changes. The first chink in the armour appeared early last year when the government announced increased producer prices and a more open policy to the private grain trade.

But despite western hopes, ministers have shied away from the idea that Ethiopia is on the brink of a Gorbachev-style economic perestroika, arguing that in a country where thirds of economic activity is in the private sector and 93 per cent of agriculture produced by private peasants, talk of restructuring is unrealistic.

"We never went down the road of complete socialisation...So now we don't have to go to the opposite extreme and say we regret what we have done and we want to turn back," said Mr Tesfaye Dinka, Deputy Prime Minister, in an interview recently.

It seemed clear, then, that change would be pursued at a relatively slow pace. Many diplomats and donors, while welcoming the reforms, have stressed the urgent need to revive an economy hit by drought, conflict, declining international prices for coffee, the main export, and government mismanagement.

Growth in gross domestic product declined 2.1 per cent last year. Agriculture, which accounts for about 40 per cent of GDP, has performed poorly as a result of the drive towards the regrouping of peasant farmers moved from drought-vulnerable areas or put into state-run villages in the interests of collectivisation. Problems have been exacerbated by inefficient allocation of scarce resources, poor pricing and marketing policies, land fragmentation and insecurity of land tenure.

Meanwhile the economy has been crippled from a shortage of foreign exchange. Total external debt rose to SDR1.8bn ($2.3bn) with a debt service ratio of 39 per cent of exports in 1987/88 and the overall balance of payments deficit rose to about SDR106.8m.

Over-taxation of the peasants and coffee exporters has given Ethiopia one of the highest revenue/GDP ratios in Africa – almost 30 per cent. But the budget deficit has been rising to about 12 per cent of GDP because of increased expenditures, particularly on the civil wars which, according to President Mengistu, consume 50 per cent of the regular budget.

Ethiopia will find it increasingly difficult to meet its financing gaps in the future with the burdens of limited export earnings, non-existent domestic savings and minimal development – unless, that is, a pro-Western regime attracts greater international aid.

Economic imperatives have provided one of the greatest incentives for the recent reform drive. But there has also been at least a recognition among senior party apparatchiks that the increasingly impoverished people are growing impatient with the failure of the 1974 revolution to improve their lives.

Angolan leader presents plans to end civil war

By Michael Holman, Africa Editor

PRESIDENT Eduardo dos Santos of Angola was yesterday expected to outline his government's proposals to end the country's civil war at a one-day conference of seven African leaders.

Speaking to reporters before the meeting began, the President called for the US to end military support for Angola's Unita rebel movement, led by Mr Jonas Savimbi.

The President went on to say that he hoped that the "summit will help our people and governments to see their way to fully reaching the goals of peace, stability, good neighbourliness, peaceful co-existence and co-operation."

The leaders of Zambia, Zimbabwe, Zaire, Congo, Gabon, Mozambique, and Sao Tome and Principe attended the conference.

Washington will almost certainly reject Mr dos Santos's call for an end to US military support for Unita. Nevertheless, Western and African diplomats are encouraged that the summit is taking place at all.

Delegates hope to start a process that will reconcile the MPLA government and Unita and end the country's 14-year civil war.

Diplomats regard the presence of Zaire at the meeting as significant.

The government of President Mobutu Sese Seko is one of Unita's main allies, lending diplomatic support and helping to channel US military supplies to Unita.

● Tens of thousands of Namibian exiles are about to head home as their country finally moves towards independence from South African rule, Reuter reports from Geneva.

Up to 53,000 are expected to return under a six-week U.N. programme, due to start next Monday, which is costing $38.5 million raised from voluntary contributions.

Japan's trade surplus climbs 7% to $7.3bn

By Ian Rodger in Tokyo

JAPAN'S merchandise trade surplus reached $7.3bn (£4.45bn) in April, up 7 per cent from the same month last year, and its bilateral surplus with the US jumped 10.4 per cent to $4.6bn.

The figures, which again emphasise the resilience of Japan's export-oriented manufacturing industries, could harden the US Government's resolve to impose sanctions in the next few days for various alleged unfair trading practices.

The figures may also have an impact on the foreign exchange markets. Economists in Tokyo said yesterday that there was a growing consensus among industrialised country government leaders that Japanese and West German surpluses would not decline quickly at current exchange rates.

"We are going to have to have a second Plaza agreement," Mr Ken Courtis of DB Capital Markets said, a reference to the September 1985 agreement among leading industrialised countries to revalue the yen against the dollar.

"Maybe following last Friday's good US inflation figures the foreign exchange market will begin to focus on trade again," Mr David Pike of UBS Phillips and Drew said.

Overall exports in April were up 3.2 per cent to $23.2bn, while imports rose 1.2 per cent to $15.9bn. Some analysts were startled by the unusually small increase in imports, but government officials said the figures were affected by a dock strike early in the month and by a slump following a surge in March in advance of the imposition of a 3 per cent value added tax.

Import volume dropped 4.7 per cent year on year, only the second such decline since August 1985.

Exports to the European Community were down 1.4 per cent to $4.1bn while imports were up 2.3 per cent to $1.9bn. Exports to south-east Asian countries were up 9.4 per cent to $5.1bn and imports up 1 per cent to $4.3bn.

Seasonally adjusted, the trade surplus was $6.7bn, 22 per cent higher than in March.

Palestinian workmen rush to board a truck to the Gaza Strip yesterday in bid to beat the curfew

Israeli army in West Bank clampdown

THE Israeli army, in an unprecedented move, ordered Arabs from the Gaza Strip to leave Israel and return home yesterday while troops made mass arrests in raids on several West Bank villages, Reuter writes from Jerusalem.

Security sources said the iron-fist clampdown was intended to reassert army control two days after the cabinet adopted an initiative for elections in the occupied areas.

Among those arrested only hours before he was to meet Mr Dennis Ross, a special US envoy on the Middle East, was Ghassan al-Khatib, a professor of cultural studies, regarded as close to the Palestine Communist Party.

Referring to a proposal to hold elections in the territories for Palestinians to negotiate an interim period of self-rule with Israel, Mr Yitzhak Rabin, the Defence Minister, said: "There is not and will not be another alternative to the political process relating to Palestinians that is not based on the government initiative."

Poor start to year for Israeli economy

By Hugh Carnegy in Jerusalem

ISRAEL'S economy has shown little sign of revival this year, after real growth in gross domestic product last year of just 1.6 per cent, the Central Bureau of Statistics said yesterday.

Presenting final figures for 1988, which offered a picture of stagnation, the bureau said decreases in investment and consumption had resulted in a lack of growth so far in 1989 and a rise in unemployment, which stood at 8 per cent at the end of last year.

Exports were especially disappointing – they picked up after a 13 per cent devaluation of the shekel at the turn of the year, only to fall off sharply in March and April.

Figures show that exports in the first four months rose only marginally to $3.3bn (£2bn), with key sectors such as agriculture, food products and textiles showing a fall over the same period in 1988.

There was some solace in flat imports, in which the share of consumer goods fell, but the trade deficit over the period still rose more than 8 per cent compared with the first four months of 1988 to $850m.

Optimists hope the present slowdown will help reduce inflation and improve efficiency leading to a stronger recovery later. Wages are stabilising, but inflation is proving stubborn, totalling 8.7 per cent in the first four months.

The statistics bureau said the marginal real rise in total gross domestic product to shekels 67bn (£21.8bn) at current prices last year compared with 5.2 per cent real growth in 1987. Industrial and agricultural production, investment and exports were all down.

Making things worse was the effect on the economy of the 17-month Palestinian uprising in the Israeli-occupied West Bank and Gaza Strip, which shows no sign of abating.

There was a 21 per cent drop in the number of hours worked in Israel by workers from the occupied territories.

Helen Suzman to quit parliamentary battle against apartheid

By Jim Jones in Johannesburg

Suzman: unease over merger

MRS Helen Suzman, one of South Africa's most highly respected anti-apartheid campaigners, is to retire from parliamentary politics ahead of this September's general election. Her retirement at the age of 72 comes after 36 years of unflagging opposition to apartheid.

It also follows her own unease with this year's merger of the Progressive Federal Party (PFP), which she helped found in the 1950s, into the new Democratic Party (DP).

Mrs Suzman was elected to parliament in 1952 as the United Party member for Houghton, the country's wealthiest constituency, but soon split to form the then Progressive Party when the United Party backed the ruling National Party's plans to acquire land to settle black South Africans apart from white.

All her Progressive Party colleagues lost their seats in the 1961 election as whites swarmed behind Prime Minister Hendrik Verwoerd's declaration of a republic.

The electoral losses left Mrs Suzman the sole Progressive MP for 13 years until the election of 1974. Her outspoken opposition to the steady erosion of individual liberties became for many the principal evidence that not all white South Africans stood squarely behind the ruling National Party as it single-mindedly implemented Verwoerd's apartheid vision and consolidated its own power.

That opposition, as her party's principal spokesperson on law and order, also earned her the disapprobation of whites benefiting from the inequalities of apartheid and happy to fall in behind the party of Verwoerd and Vorster.

Announcing her retirement yesterday, Mrs Suzman said it was necessary to clear the new DP of the old PFP image. The DP was formed from the merger of the PFP, supporters of former ambassador Mr Denis Worrall and the independent MP Mr Wynand Malan, and the so-called fourth-force of Afrikaners led by Mr Wimpie de Klerk.

It hopes to present itself as a viable opposition able to win the support of liberal Afrikaners who were unwilling to associate themselves with a PFP labelled as the party of English-speaking South Africans.

That optimism took a beating early this week when Mr De Klerk, the DP's chief policy adviser, quit the party saying he wanted to continue working as an independent among Afrikaners.

Mr De Klerk, a former editor of the largest Afrikaans Sunday newspaper, is the brother of Mr FW de Klerk, the ruling National Party's leader and its choice as presidential candidate. Though he has not said so, Mr De Klerk's political shift is thought to be motivated by a belief that the NP, led by his brother, can bring about change.

● An opinion poll conducted by the Gallup Organisation for the South African Chamber of Mines found that 85 per cent of black South Africans and oppose disinvestment by foreign companies, while 82 per cent were against sanctions. The survey of 1,400 blacks was carried out by Gallup's South African affiliate.

● South Africa appeared yesterday to be fishing for a meeting between Mr FW de Klerk and President George Bush, Reuter reports from Johannesburg. A commentary on state-run radio referred to reports, given wide publicity in the local media, that Mr De Klerk might be invited to Washington. "Such an invitation would be an important breakthrough in South African-US relations," it said.

Takeda plans assault on European drugs market

By Peter Marsh

TAKEDA, Japan's biggest pharmaceutical company and eighth in the world, is planning to boost sales in Western Europe over the next few years through its three joint ventures with European groups.

The company has sales of about $2.5bn a year, mostly in Japan, the world's second biggest drugs market after the US.

Like other Japanese drug companies, Takeda has no manufacturing activities in Europe. In general these companies sell their products in Europe either via marketing partnerships with other companies or by licensing agreements.

Takeda has recently set up a European development centre in Frankfurt which acts as a liaison point between the company's Osaka headquarters and its three joint ventures.

These are with Grünethal of West Germany, American Cyanamid and Roussel-Uclaf, a subsidiary of Hoechst of West Germany. They handle sales of Takeda drugs in Germany, Italy and France respectively.

The Frankfurt centre aims to speed the flow of new drugs emerging from Takeda's Japanese research operations into the European market. Its main purpose is to assist the three European joint ventures in operating the clinical trials which new drugs must undergo before they can go on sale.

Takeda, which sells several dozen drugs in Europe, is best known for its antibiotics and formulations for treating brain-related disorders.

It is thought to have some promising products in its research pipeline, in cancer therapy for example.

The company recently received Japanese government approval for Adecut, a heart drug, which could have a big potential for sales in Europe. Another promising formulation recently developed by the company is Osten, a product for treating osteoporosis, a bone disorder.

Volvo in trucks deal with Daewoo

By Robert Taylor in Stockholm

VOLVO, the world's second biggest manufacturer of heavy trucks, signed a co-operation agreement yesterday with the South Korean company, Daewoo, for the importation and distribution of Volvo trucks in the rapidly growing South Korean market. The deal also includes a plan for the local manufacture of Volvo trucks in South Korea in the future.

The first delivery of Volvo trucks is expected in the autumn. Last year South Korea's heavy trucks market totalled around 8,000 units.

The agreement is an important breakthrough for Volvo in a highly competitive area. Last year the truck side of Volvo recorded its best performance, with a 27 per cent increase in turnover to SKr22.7bn ($2.1bn) and a 25 per cent rise in sales to 59,500 trucks in more than a hundred countries.

The Daewoo group is one of South Korea's largest companies with estimated sales in 1988 totalling around $20bn. It has been involved in a number of joint ventures with foreign companies, including one with General Motors.

Talking tough and carrying a small stick

Free trade is still US goal, in spite of protectionist noises, writes Peter Riddell

MR ROBERT Mosbacher, the US Commerce Secretary, talks of an "industry-led, business-government partnership". Mrs Carla Hills, the US Trade Representative, says she will use a "crowbar" to open markets with unilateral as well as multilateral actions.

Remarks such as these have raised the question of how far the US is moving along the spectrum from the free trade/free market end towards managed trade and intervention.

As always in Washington the answer is ambiguous.

First, there are many different views within the Administration. The State Department is institutionally pro-free trade, just as the Commerce Department tends to speak for business.

Second, the first four months of the Administration of President George Bush have been a period more for words than actions. But in the next six weeks Mr Bush will have to take a series of decisions which will clarify policy.

These include:

- The listing – by the end of this month – of priority countries and trading practices deemed unfair under the Super 301 provisions of the Omnibus Trade Act of 1988.
- The extent of retaliation – due within a month – against the Japanese telecommunications industry because of limited US access to its mobile phone market.
- The nature of government help – expected by early July – for the development of high-definition television.
- The renewal – probably in June – of the voluntary restraint agreements restricting imports of steel.

Underlying all these questions is a widespread sense of unease about the competitive position of US industry, in particular in relation to Japan. This has surfaced in the current fierce congressional debate over the FSX fighter project with Japan where Mr Mosbacher and Mrs Hills pressed for a revision of the terms of the deal to protect American technology.

Mr Mosbacher talked last week of the US need for "a strategy to innovate, produce, market and sell world-class products in each and every industry". Commerce Department officials claim their version of an industry-led policy is different from the industrial policy favoured by prominent Democrats because it involves little government money and relies on a private sector lead.

However, Democrat supporters of industrial policy see Mr Mosbacher as an ally, while the pro-free market Heritage Foundation has attacked his proposals as hurting US competitiveness.

Secretary Mosbacher: his business is business

On the question of HDTV, Mr Mosbacher has warned against expecting large amounts of federal money, though the Pentagon is already committing $30m.

Instead, his emphasis has been on government support through the relaxation of anti-trust laws to permit the creation of joint production ventures as well as changes in taxes.

Restrictions on steel imports are a classic example of the interaction of political and industrial pressures. Four days before the election lat November, candidate Bush wrote to a Republican Senator from Pennsylvania, a leading steel state, promising to support an extension of voluntary restraint beyond this September. So import restrictions have to be continued even though the industry is now doing much better.

There is, however, what one senior participant describes as "a spirited debate" within the Administration about how the agreement should be applied – in short, how quickly the US should move in the direction of a free market.

Mrs Hills has talked tough on trade, which has created a good deal of worry abroad. But she is an experienced Washington lawyer who knows the value of applying public pressure, not just to extract concessions but also to handle Congress. Not only are many of her words for domestic political consumption but they also represent negotiating positions in the battles within the Administration.

There is another side to the debate, even though it is less often publicly expressed. Mr Richard Darman, the director of the Office of Management and Budget, Professor Michael Boskin, chairman of the President's Council of Economic Advisers, and Mr Roger Porter, the senior domestic and economic policy adviser in the White House, can all be counted on the anti-interventionist side, warning of the dangers of increased trade barriers. The State Department and members of the National Security Council staff generally take a similar view.

The betting in Washington is that at least Japan and South Korea will be listed as priority countries under Super 301. While the European Community may not be named as such, the European Airbus project and government procurement practices for power-generating equipment could be cited under the related category of an unfair trading practice.

For all the threatened furore overseas, such an announcement would be essentially political – the least that is acceptable to Congress. It would be presented internationally as merely the start to a lengthy process of negotiation to resolve differences, with any retaliatory actions a long way down the road. Similar compromises are likely over steel and HDTV support.

While the current words may speak louder than the likely actions, there is no doubt that deep-seated worries over the vulnerability of the US to foreign competition in high technology have created strong pressures for protection and intervention.

US and EC heading for soyabeans clash

THE US and the European Community are heading for a clash over soyabean trade, despite settling the row over hormones in meat at the world farm trade talks, Reuter reports from Washington.

The conflict could lead to $1.5bn US trade sanctions against the EC – the largest retaliatory action ever taken by the US, says the American Soybean Association (ASA).

It claims EC subsidies on oil-seed production have trimmed US soyabean exports from $3.6bn in 1981 to $2bn in 1986.

In January 1988 the US Trade Representative's Office accepted an ASA petition claiming EC subsidies violated world trading rules.

Under the US trade law enacted last year, the US Trade Representative has 18 months to settle the complaint, in this case until July 5, or take action to offset the subsidies.

"There is zero chance the case will be resolved by July 5," a US trade official said.

The US has asked Gatt to examine the EC subsidies. While Brussels agreed last year to the formation of a Gatt dispute settlement panel, no progress has been made because the US objects to an EC call for the panel to estimate trade damages to US exporters.

To put pressure on the EC, the Bush administration has said it will hold up an EC request for a Gatt panel to examine US quotas on imports of sugar, cotton, peanuts and dairy products.

EC Trade Commissioner Mr Frans Andriessen is to meet Mrs Carla Hills, the Trade Representative, on Friday, and it is thought he might announce a decision by the EC to drop its demand that the panel determine damages.

In return, Mr Andriessen would ask Washington to allow Gatt to review the US import quotas, which the EC claims violate the trade pact.

Aden tries to regain its former glory

By Victor Mallet, recently in Aden

THEY say there are hardly any sharks off Aden these days, so steep has been the decline in passenger shipping and the associated garbage once thrown overboard. That is good news for swimmers, but it is also another sign of the hard times at the port.

In the 1950s Aden was surpassed only by Liverpool, London and New York in the number of ships it handled. More than 6,000 called each year, and before the closure of the Suez Canal in 1967 three quarters of the canal traffic put in for fuel oil bunkering or trade. Nowadays Aden receives less than 2,000 ships a year.

With the help of foreign donors South Yemen is attempting to reverse the decline and regain some of Aden's old status as gateway to the Red Sea and freight staging post between Europe and the East. Both the port at Steamer Point and the refinery across the bay at Little Aden are being refurbished.

It is recognised in South Yemen that Aden is unlikely to reach the level of activity it knew in the past, because since the re-opening of the Suez Canal 14 years ago cargo ships have increased their range and thereby reduced their dependence on refuelling ports such as Aden. South Yemen itself, poor and with a population of only 2.4m, is not an important market. Nevertheless the discovery of oil in the Shabwa region of South Yemen – the oil will be sent to Bir Ali by pipeline but may be shipped onward to Aden for refining – and the port improvements themselves should enhance Aden's competitiveness.

A $60m project to build new berths and provide cranes and other equipment, paid for by aid from Saudi Arabia, Kuwait and Abu Dhabi, should be completed next year. At present there is only one large cargo quay for ships of less than 10,000 dwt, and most ships tie up at buoys and have freight laboriously transferred by lighter. The construction company Archirodon, advised by UK consulting engineers Coode and partners, is building four new berths capable of taking 36,000 dwt ships. If well managed, the new facilities should easily be able to handle the present traffic.

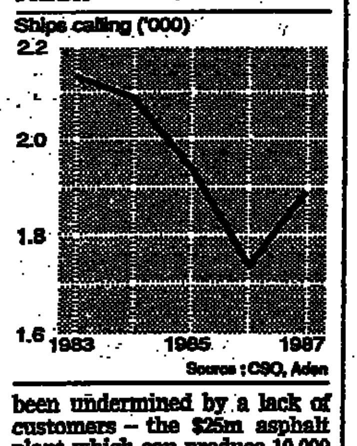
The refinery across the bay, built by BP in 1954 and taken over by the state in 1977, is showing its age as much as the port. It has suffered a decline in business and faced growing competition from newer refineries in the wealthy Gulf oil states. With a capacity to process 8.3m tonnes of oil a year, Aden dealt with only 3.6m tonnes in 1985 and less than 3m tonnes a year since then.

Even so, the refinery and its 2,400 employees are said to account for four-fifths of South Yemen's industrial output, making its viability a matter of national importance: a large picture of Lenin stands outside the gates.

A previous attempt to diversify the refinery, originally designed to produce marine fuel oil for the bunkering trade as 50 per cent of its output, has been undermined by a lack of customers – the $25m asphalt plant which can produce 10,000 drums a day is only making 500 a day. More faith is being placed in an equally costly refurbishment of the refinery berths, a project already half completed. Three will be able to take tankers of up to 65,000 dwt, instead of 32,000 dwt, and the fourth will handle those up to 110,000 dwt. Clients were lost in the past because of Aden's inability to receive larger tankers.

The next stage is to replace old storage tanks, with the help of the Soviet Union and possibly a $15m loan from the Islamic Bank, and then to build a new power station. Aden may yet regain its reputation and be seen as something more than a stopover for Soviet warships.

Aden



Source: CSO, Aden

AMERICAN NEWS

Pulling the plug on Canada's passenger railways

David Owen on the budgetary arguments threatening the great transcontinental network

THE VIEW from the narrow-gauge railway which meanders away from St John's, Newfoundland at the start of its 547-mile journey to Port aux Basques is hard to beat.

As it hugs the coastline, the waters of Conception Bay glint in the frigid sunshine. The grass-capped cliffs beyond are dappled with shadows cast by the shifting light.

But the rails themselves are now yellowing with the rust of disuse. Last September, the plug was pulled on Canadian National's loss-making freight service. The last passenger train – the late lamented Newfie Bullet – lumbered into the annals of history 20 years ago.

The only signs of life in the crisp autumn afternoon are a handful of scavengers collecting dislodged sleepers for their Guy Fawkes bonfires, and a flock of gulls for whom the stony embankment makes an ideal killing field. The track is littered with the roseate debris of broken crab-shells. On the leeward side, deserted gravel pits are filled with water opaque as bleach.

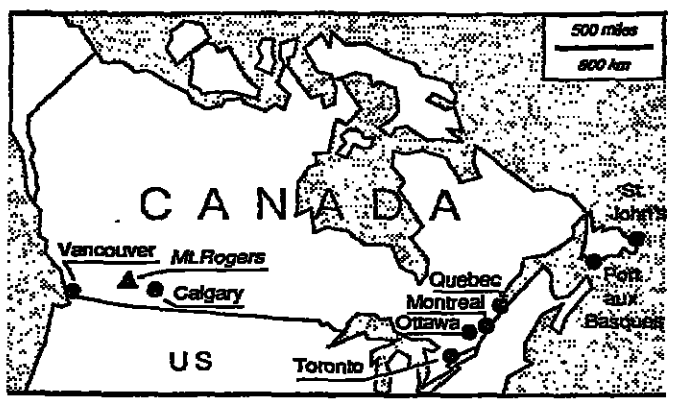
Following the austere budget delivered last month by Mr Michael Wilson, the Finance Minister, a similar fate is expected to befall many more stretches of Canadian track.

The Government intends to slash its annual subsidy to Via Rail, the Crown Corporation charged with running Canada's passenger service, from C$641m ($540m) last year to C$250m by 1993-94. The move appears to leave Mr Ronald Lawless, the new chief executive, with a Hobson's choice of raising fares or cutting services. He will probably do both.

Though this is not the first time that significant cuts in the service have been countenanced, anything beyond a superficial pruning is sure to be vigorously protested.

The nostalgic affection which the railways invariably inspire among enthusiasts is magnified in Canada. Here, the great transcontinental railroad, completed in 1886, is seen as the very essence of nation-building. "Canada's greatest need is a moral equivalent of the Canadian Pacific railway," the essayist Frank Underhill once observed. Without it, the mountainous Pacific coast province of British Columbia would probably have joined the United States.

If the construction of the railway is so directly associated with nation-building, there is clearly a temptation – however far-fetched – to equate its decay with Canada's future disintegration. With the Mulroney Government accused already of weakening the ties which bind the country by promoting the US-Canada free trade agreement and the Meech Lake constitutional accord, it is a temptation to which many railway supporters will surely succumb.



In fact, to suggest that the budget constitutes the end of the line for Canada's rail network is an exaggeration. Rail freight remains a viable business, as evidenced by CP Rail's decision to construct the most expensive section of track in the world, through Rogers Pass, British Columbia. The C$500m project, which incorporates a 15km tunnel, was opened amid great fanfare earlier this month.

In addition, Ottawa itself insists that certain specified passenger services to remote communities be maintained. Moreover, passenger trains along the heavily-populated Quebec-Windsor corridor, and on the Calgary-Vancouver tourist route could conceivably pay their way.

Nonetheless, the subsidy cuts are certain to intensify the agonised debate over how much Canadians are willing to pay to preserve their cherished passenger train service. This debate has raged intermittently for 30 years, ever since the advent of cheap air travel and the completion of the Trans-Canada highway effectively destroyed the railways' long-distance monopoly.

It is not difficult to construct a case for the maintenance of a viable passenger network in any industrialised country. Trains are generally accepted as cleaner and more fuel-efficient than rival modes of transport. In Canada's case, they could also be instrumental in easing air traffic congestion between Toronto and Montreal.

Moreover, the rail network's true comparative cost is often misrepresented. As Mr Darrell Richards, a former transport policy analyst argues: "The railway is the only mode of transport that must generate profits and pay income tax on the capital employed in its infrastructure."

But such is the saga of mismanagement and neglect that has dogged the service in Canada, that the cost of salvaging a truly effective operation would today be immense.

Long-term expenditure commitments are seldom compatible with the exigencies of the ballot box. Consequently, as more of the responsibility of running the passenger service has devolved upon Ottawa, efforts have concentrated on minimising the operating deficit to the detriment of capital spending.

For 10 years from 1967, for example, the Government pledged to cover 80 per cent of CP and Canadian National's passenger-related losses. The more money the service lost, in other words, the larger was the pay-out that the two companies could anticipate.

Under the Via regime, much energy has been devoted to increasing the number of passengers, which – despite recent gains – has fallen by 20 per cent in eight years.

In the meantime, subsidies have risen to about C$100 per passenger and Via's antiquated steam-heated rolling stock has grown steadily more decrepit. Even when new equipment has been purchased it has proved unreliable. About C$1bn of the C$5bn in subsidies which Via has received since 1977 has gone on capital spending.

If the level of subsidisation necessary to sustain a passenger service in Canada is ever again to retreat to acceptable levels, experts argue, a large dose of new government investment in state-of-the-art equipment is required.

Mr Greg Gormick, a rail consultant, believes the first priority should be the purchase of bi-level carriages.

The construction of a C$3bn TGV-style high-speed network between Montreal and Toronto has also been suggested. This would cut journey time between the two commercial centres to about three hours.

But such arguments will cut little ice with a government struggling to control its C$30bn annual budget deficit. It may sadly be too late to prevent the sacrifice of the bulk of Canada's passenger train service on the altar of fiscal rectitude.

President Rodriguez (left) receives the ceremonial sash yesterday from Alberto Nogues, president of Congress

Paraguay leader sworn in

THE first democratically elected President in Paraguay's history vowed to defend democracy as he was sworn in at a ceremony which showed the nation's political isolation was ending, Reuter reports from Asuncion.

In his inauguration speech, General Andres Rodriguez promised "to defend ... our freedom in a republican system of authentic and creative democracy."

Gen Rodriguez, 65, who overthrew dictator Gen Alfredo Stroessner in a coup three months ago, received 74 per cent of the vote in elections on May 1. Eight parties fielded candidates.

The inauguration, in an open-air ceremony in front of the Congress building, was attended by Presidents Jose Sarney of Brazil, Raul Alfonsin of Argentina and Julio Maria Sanguinetti of Uruguay.

Gen Rodriguez said that the participation of the three presidents "is the jubilant voice of America which joins in our hopes and I can assure you that your significant participation in this ceremony will not be betrayed."

Housing starts down for third consecutive month

By Anthony Harris in Washington

US HOUSING starts fell in April by 2.7 per cent, for the third successive month, to an annual rate of 1.36m, the lowest figure since the end of 1982.

However, the more reliable figures for building permits, a short leading indicator for future activity, rose 7.2 per cent, to recover more than half their heavy fall in March.

The new annual rate for permits, at 1.32m, suggests that the housing slump still has some way to go in output terms, but the rise reflects some recovery in demand. US mortgage rates have been falling this month, reflecting the steep fall in money market rates and the recovery in the bond market.

Housebuilding activity is now 13.6 per cent below its level in April last year, but new permits are running 7.9 per cent down on 1988, again suggesting that the slump may be near its bottom.

While activity has weakened very sharply in the past three months, January was a strong month – mainly because of unusually mild weather. Starts in the first four months of the year are only 3.4 per cent below the same period in 1988.

AMERICAN NEWS

US doubts Moscow has ceased arming Nicaragua

By Lionel Barber in Washington

THE US yesterday cast doubt on claims by President Mikhail Gorbachev that Moscow has stopped sending arms to Nicaragua.

"We're reluctant to be positive about this because we did not receive the kinds of public commitment or the kinds of visual ones that we would like to see," a White House spokesman said.

The US scepticism runs parallel to President George Bush's statement last week that he sought "deeds, not words" from the Soviet Union. If verified, the Soviet move would ease superpower tensions over Central America and further encourage the Bush administration's efforts to co-operate with Moscow on resolving troublesome regional conflicts in the Third World.

Mr Gorbachev's pledge came in a letter to Mr Bush shortly before Mr James Baker, US Secretary of State, left for Moscow last week. During Mr Baker's meeting in the Kremlin, Mr Gorbachev repeated his claim that Moscow had stopped supplying arms to Nicaragua.

The Bush administration has tried to make Soviet aid to the Sandinistas a litmus test for the superpower relationship. The Soviet claim meets a long-standing US demand, but only after the Bush administration struck a pact with Congress this year to end US military aid to the Contra resistance in Nicaragua. "The implication is that, if the US resumes military aid, so will the Soviets," said Mr Viron Vaky, a former senior Carter administration official and ambassador to Venezuela and Costa Rica.

US intelligence is still trying to corroborate Mr Gorbachev's claim. The Soviets supplied some $515m of military equipment to Nicaragua last year, according to CIA estimates. This is the second-highest annual total since the USSR began sending weapons to Manuaga in 1980 and replicates Moscow's stockpiling of weapons in Afghanistan before its troop withdrawal this year.

So the immediate impact on the military balance in Central America remains uncertain. A further unknown is the role of Cuba – Moscow's other client state in the region – which continues to support the Sandinistas with guns and ammunition. According to reports yesterday, Mr Gorbachev had declined to suspend their military support of the Castro regime.

US officials also noted that Mr Gorbachev's pledge did not appear to cover military assistance such as trucks, supplies and clothing. In addition to the military aid last year, Moscow supplied up to $500m of economic assistance, according to intelligence sources.

Moscow's move is expected to encourage the US to step up pressure on its European allies to halt aid to the Sandinistas. In a newspaper interview yesterday, Mr Bush said he was pleased that the western Europeans had cut their aid from $150m to $50m, but he added: "There are a lot of countries (in Central America) that are democratic and deserve the support."

● Six European countries have agreed to provide a total of $50m in economic aid to Nicaragua, according to President Daniel Ortega, who has recently returned from a European trip.

Bankers, G-7 hold further debt talks

By Stephen Fidler, Euromarkets Correspondent

A NEW YORK meeting between deputy finance ministers of the Group of Seven industrialised countries and leading western commercial bankers about debt relief for highly indebted nations was described yesterday as constructive – but as yielding no significant new insights.

Meanwhile, bankers said Mexico's debt negotiating team and its 15-bank advisory group were likely to meet this week. Banks could present an outline response to Mexico's request for annual debt relief of more than $4bn in coming years.

Officials and bankers said that Monday's meeting had not been intended as a negotiating session, but one in which both sides could improve their understanding of the others' positions.

Bankers explained they were worried by the almost exclusive focus on the reduction of debt burdens, which had followed the debt initiative launched on March 10 by Mr Nicholas Brady, US Treasury Secretary.

He envisaged accelerated debt reduction helped by financial support from the International Monetary Fund and World Bank.

Many banks consider new loans will still be necessary. Bankers reiterated a view, dismissed by the US Treasury last week, that credit enhancement from the IMF and World Bank should be applied to encourage banks to make new loans.

Some division among the industrialised countries over the proposals remained evident, although there was agreement that Mexico's debt problems should not be allowed to overshadow those of other countries. The Mexico debt deal is widely considered to provide a blueprint for working the vaguely defined Brady proposals.

Many banks, particularly in the US, would prefer more emphasis on debt service reduction rather than lowering debt principal.

US offers families flights out of Panama

By Lionel Barber in Washington and Tim Coone in Panama City

THE US has decided to offer evacuation flights from Panama for all military personnel dependents who wish to leave, administration officials said yesterday.

The move came as the Bush administration stepped up its diplomatic effort to remove General Manuel Noriega, Panama's military ruler, starting with the emergency meeting today of the foreign ministers of the Organisation of the American States.

President George Bush is pushing for a strong OAS call for the general to step aside, and would also like other Latin American states to join the US, Venezuela and Mexico in withdrawing their ambassadors from Panama. Mr Bush has spoken to President Carlos Salinas of Mexico this week in an effort to win his support.

In Panama, a general strike has been called for today by opposition leaders in an attempt to regain the political initiative for the anti-Noriega opposition, and to draw the attention of the OAS.

The Panamanian government has issued a warning to business leaders to ignore the call for a national stoppage lest sanctions be applied against them under the country's labour code.

Government employees are being told to report to work today to pick up their pay cheques, while banks are expected to keep their doors open in case of retaliation from the government-controlled Banking Commission if they support the stoppage.

The country has been in crisis since elections on May 7, which were scuppered by a government-inspired fraud and nullification of the results. These were appearing to give an overwhelming victory to ADOC, the opposition alliance.

Last week, Mr Bush dispatched 2,000 combat troops to Panama to join the 10,500 of the US Southern Command in Panama.

The White House noted that there are more than 50,000 US citizens in Panama and officials fear they could become hostages if tensions between the US and the Noriega regime were to worsen.

This may account for the decision to offer evacuation flights for dependents. Some of these, with US embassy workers, have left Panama on military transport aircraft that were ferrying extra troops to Panama.

There are about 14,000 dependents of service personnel and Defence employees in Panama. The evacuation should be complete by July 1, officials said.

Bush hopeful of the hemisphere

Lionel Barber assesses prospects for the OAS meeting on Noriega

THE emergency meeting of the Organisation of American States in Washington today marks an important test of the US administration's diplomatic effort to remove General Manuel Noriega of Panama.

The administration, which has sought to enlist the support of other Latin American states, hopes the OAS foreign ministers will call for the displacement of the general, but officials fear they could take only a lesser step, such as denouncing him.

Such a statement on Panama by the 31-member organisation might cause the US to feel pressed harder to take unilateral action. However, some believe it would also amount to a lost opportunity for Latin American states to deliver a resounding statement in favour of democracy.

"This meeting is a historic one for the OAS," said a leading Latin American diplomat yesterday, recalling that, 10 years ago, it called for the "immediate removal and replacement" of the Nicaraguan regime headed by General Anastasio Somoza. He resigned soon afterwards, to be succeeded by the Sandinistas.

Consistency alone would seem to require the OAS to speak out against Gen Noriega, accused in the US drug trafficking, who annulled the presidential election in Panama this month after the opposition appeared to be winning by by a margin of 3-1. However, Latin Americans have usually been reluctant to back the principle of intervention – particularly when the US is a party to the dispute.

It was not always so. After World War II, the OAS – arisen from a predecessor formed in 1890 as the Pan-American Union – was used by the US as a bulwark against communism and Castro's Cuba.

In 1965, when the US sent 30,000 troops to the Dominican Republic to end a civil war which, it said, threatened to place the country under communist control, the OAS delivered its seal of approval. Many Latin Americans still condemn that as "shameful."

The US was able to leaven its ideological message with generous cultural and economic development programmes, notably under the banner of President Kennedy's Alliance for Progress.

The sixties having turned into the seventies, though, Latin Americans became less pliable. Washington's enthusiasm for anti-communist dictators such as Somoza began to wane, and the OAS was largely superceded by regional diplomatic groupings which wanted to escape US influence.

Under President Reagan, the OAS became even more moribund. Covert action displaced diplomacy. The US went into arrears in its payments tto the organisation (it still owes $40m) and morale slumped. In 1979, the OAS employed 1,500 people; today it employs little more than 700.

The Bush administration has promised to restore full payments, but money alone will not resolve the organisation's identity crisis. Will it choose to develop recent declarations on behalf of representative democracy, such as the Cartagena protocol, or will it adhere to the principle of non-intervention as affirmed this week by Mexico, which warned that the OAS might become "a critic of Latin American electoral processes."

The question is critical because the Bush administration – through a compact with Congress this year to cut off military aid to the Contra rebels in Nicaragua – has begun to turn away from intervention and towards to diplomacy as an instrument to pursue its interests in the region. Part of its strategy is to turn focus on Nicaragua's elections, due in February 1990. The OAS, depending on its performance over Panama, could have an important role to play.

US 'lags in crucial arms technologies'

By Peter Riddell, US Editor in Washington

JAPAN has a lead over the US in the development of several advanced technologies which are crucial to US national security, the Department of Defence said yesterday.

A report submitted by the Department of Defence to the Senate and House Armed Services committees says: "In key niches of microelectronics, optics, super-conductivity and information-systems technologies, Japan either holds or shares a worldwide lead."

The report adds: "Japan has shown a growing interest in and willingness to expand its military technology base. Japan could play a major role in future co-operative arms developments."

Moreover, the Soviet bloc appears to have superior technology in high-power microwaves and mobile high-power lasers and "may have a technological lead over the US in developing very high-power sources for electromagnetic or electrothermal guns."

Senator Jeff Bingaman, the Democratic chairman of the Armed Services subcommittee on the defence industry and technology, called the report "unsettling. I don't want to see us become totally dependent upon foreign sources for the technologies we need . . . As we assess the source of our greatest economic and technological competition we need to recognise that it's Japan and not Europe."

Mexico plans new investment rules

By Richard Johns in Mexico City

MEXICO announced details of a new and more liberal investment regime late on Monday, designed to attract more foreign capital.

Under the new regulations, approval of foreign investments of up to $100m – outside sectors reserved for the state and national companies – will be "automatic" and require registration only if they satisfied six basic conditions, Mr Jaime Serra Puce, Commerce and Industry Minister, said.

Outlining sweeping regulatory changes and a major opening, he said foreign companies would also be given the opportunity to take majority control for a period of 20 years – through a system of *fideicomisos* or trusts – of industries and businesses in which they had been restricted to minority partnerships. Their life could be extended beyond two decades, Mr Serra indicated.

He estimated that about 60 per cent of the Mexican economy would be open to foreign participation as a result of a broad revision of the regulations governing Mexico's foreign investment law of 1973, the revisions of which came into force yesterday.

Sectoral exclusions apart, the six conditions qualifying for automatic approval for investments are:

● Capital should not exceed $100m.

● Financing should be external.

● Projects should be located outside the Valley of Mexico, Monterrey and Guadalajara where most of the country's industry and business is concentrated.

● Over the first three years of a project, there should an "equilibrium in balace of foreign exchange".

● Permanent employment should be generated annd training given to Mexican personnel.

● "Adequate" technology should be used to satisfy environmental requirements.

Among the industries and businesses where a majority interest up to 100 per cent ownership could be secured for a period of 20 years through "indirect investment", via trusts, are secondary petrochemicals (where the legal limit is set at 40 per cent), automative parts (40 per cent), minerals subject to special concessions (34 per cent), financial leasing (49 per cent), and fishing (49 per cent).

It has allowed 100 per cent ownership of ventures to companies such as IBM and Xerox, despite the law's limitation of holdings to 49 per cent, but Mr Serra said that such applications had taken "365 days" to deal with, adding that the new regulations included provisions to eliminate red tape annd simplify administrative procedures.

Garcia swears in Cabinet led by 88-year-old

PRESIDENT Alan Garcia of Peru, beset by a growing guerrilla left-wing insurgency and inflation that may surpass 10,000 per cent this year, swore in his fourth Cabinet in as many years late on Monday, AP reports from Lima.

Prime Minister is Mr Luis Sanchez, 88, a senator and among Peru's most respected political figures.

Ministers include retired general Julio Velasquez at Defence, Mr César Vásquez Bazan at Economy and Finance, and Mr Mario Samame at Energy and Mines. Mr Vasquez has criticised Mr Garcia for having imposed price controls and not raised taxes.

An appointment that drew criticism was that of the Interior Minister, Mr Agustin Mantilla. Opposition publications have linked him to the right-wing paramilitary Rodrigo Franco Front.

Buy-outs tax move resisted

By Anthony Harris in Washington

THE US Treasury is resisting Congressional pressure for tax changes to discourage leveraged buy-outs, and will only change its stance if there is evidence the LBO trend is reviving.

"We will not counsel major tax changes to correct a trend which may be about to correct itself," Mr John Wilkins, the acting Treasury Under-secretary for tax policy, told the House Ways and Means Committee.

Alfonsín pressed to quit early

By Gary Mead in Buenos Aires

A CONTROVERSY has begun over whether President Raúl Alfonsín of Argentina should leave office early, following the substantial defeat of his Radical party by the Peronists in the presidential election on Sunday.

He is due to go on December 10, but yesterday leading Radical politicians suggested that he might quit sooner. Under the constitution, a president has a six-year term.

On May 1, Mr Alfonsín firmly stated his intention to remain in the presidency for the full term.

However, Mr Leopoldo Moreau, Radical leader of the lower house in Congress, said yesterday: "Nothing which contributes to the consolidation of democracy can be ruled out, including the possibility of Mr Carlos Menem, the president-elect, being inaugurated before December."

However, Mr Menem has dismissed the possibility. "The constitution is clear and President Alfonsín must fulfil his mandate," he said on Monday.

Mr Menem also showed a firm disinclination to name any of his future ministers. He confirmed that Mr Carlos Grosso will be appointed Mayor of Buenos Aires, and that the Labour Minister will come from among trades union leaders.

Yesterday, Mr Alfonsín invited Mr Menem to meet to discuss the transition period. The former has refused the resignation of his Cabinet. A presidential spokesman denied that a Cabinet meeting yesterday had considered advancing the hand-over of power to Mr Menem.

Debate over the transition has additional weight due to Argentina's current economic crisis. The country is on the verge of hyper-inflation. Independent projections yesterday suggested inflation for May will surpass 50 per cent,which would be the worst figure in Argentine history.

Another issue threatening economic stability is a mountain of domestic debt, in the region of the equivalent of $15bn. The Alfonsín administration has financed regular fiscal deficits by issuing more than 30 different short-term treasury bonds, some $230m equivalent of which will mature in the next few weeks.

Argentina is estimated to have less than $500m in foreign currency reserves, and speculation is rising that the government will be tempted to service the bonds by monetary emission on a large scale.

Chilean conservative refuses poll race

By Barbara Durr in Santiago

MR HERNAN BUCHI, former Chilean finance minister, has declined to run for the presidency and so left the conservative camp with far less promising prospects for the poll in December.

Despite his considerable popularity, and after pondering a candidacy during the 40 days since he left the Finance Ministry, he said his decision was definitive: "I am not a politician. I have never had the ambition to be president of Chile."

The Santiago stock market fell sharply on learning of Mr Büchi's withdrawal.

He is affiliated to no political party and had been under great public pressure to enter the presidential race. A group of businessmen had been promoting his candidacy.

Mr Büchi, a man of outstanding intelligence and some reluctance to step into the limelight, confessed he had enormous difficulty in viewing himself as a political candidate. "My medium is silence. I love privacy."

The 40-year-old ex-minister, was widely regarded as the best chance for the right wing. He had won higher approval ratings in opinion polls than any other conservative politician. Even so, he was regarded as vulnerable for never having spoken up against human rights abuses during the Pinochet regime, in which he held various positions for more than 13 years.

Mr Büchi refused to endorse immediately another conservative candidate. Several are in the field, the most likely and far less charismatic choices now are Mr Sergio Jarpa, president of the National Renovation party and Mr Sergio Diez.

US foreign policy shifts upstaged by Gorbachev

Bush moves went unnoticed, writes **Peter Riddell**

IT IS a frustrating time for President George Bush and his foreign policy team. They have laboured hard over their review of East/West policy, yet Mr Mikhail Gorbachev always gets the headlines. The Soviet Union's latest arms proposals overshadowed Mr Bush's major speech last Friday, not just in Europe but also in the US.

The president's speech received a lukewarm reception from US commentators who stressed Mr Gorbachev's ability to take the initiative. By comparison, Mr Bush's new idea, reviving the Eisenhower "Open Skies" air surveillance proposal of 1955, appeared tame.

To give just a few examples: Newsweek magazine headed its East/West piece "Gorbachev Strikes Again – a minor arms-control move upstages Bush", while the Wall Street Journal notes "Moscow Parries Attempt by US To Shift Focus of Their Relationship" and "West German Missile Crisis, Other Woes Fueled by Bush's Irresolute Approach."

The New York Times said Mr Bush's speech and the proposals Mr James Baker, the Secretary of State, made in Moscow last week were "long on vision and short on content".

A New York Times/CBS poll, taken a week ago before the latest developments and published yesterday shows, that Mr Gorbachev's conciliatory approach has had a big impact on public opinion. The number of American people believing that the Soviet Union poses an immediate military threat to the US has dropped since 1983 from 64 per cent to 26 per cent.

Three-quarters of the sample favour talks on the elimination of short-range weapons in Europe and nearly a third believe Mr Bush has been too slow to respond to Soviet initiatives.

The inherent caution of President Bush and his close advisers – and his lack of publicity flair – have meant the significance of his rethinking has been underrated. Looking beyond the doctrine of containment, coupled with a desire to reintegrate the Soviet Union into world society, are major developments. But they have been couched in modest terms.

Bush's caution and his lack of publicity flair have meant the significance of his rethinking has been underrated

Senator Joe Biden, the Democratic chairman of the Senate sub-committee on European affairs, has summed up a widespread feeling: "Mr Gorbachev's initiatives are putting us in the position of appearing to be recalcitrant. Our failure either to come forward with any sweeping initiatives that could steal the marks from Gorbachev or respond to his specific initiatives, puts great pressure upon our European allies at a time when we need unity."

On the substance of the new US approach, Mr Bush has received a qualified welcome. Mr William Hyland, editor of Foreign Affairs and deputy National Security Adviser in the Administration of former President Gerald Ford, argued that the Bush approach had closed the gap with the Soviet Union. Mr McGeorge Bundy, National Security Adviser in the 1960s, did not regard the speech in itself as either very bold or very sweeping with one or two of the proposals rather "gimmicky". He also thought that "a little bit of lecturing of the Soviet Union" would not go down well in Moscow.

There has been support for Mr Bush's step-by-step policy towards the Soviet Union in seeking to defuse regional conflicts and on Eastern Europe – testing and proving by good works, as is beginning to be shown in Central America.

There is general acceptance, in particular among arms control specialists, of the administration view that caution is right while there is still uncertainty about the pace of reform in the Soviet bloc and until it has reduced its defence budget.

The snag is that cuts in nuclear weapons seize public attention, so Mr Baker appeared surprised in Moscow by a Soviet move which was predictable in timing, if not in detailed content.

It is not much good President Bush saying as he did yesterday that "Jim Baker felt the talks were far better than the press stories, which were dominated by Gorbachev's calls to do what, for the most part, we did years ago". On East/West relations Mr Baker has yet to show the same flair he did as Treasury Secretary.

So while conservatives seek to reinforce the President's cautious instincts on arms control, a wide range of Democrats and some Republicans believe that Mr Bush has to be more imaginative and specific to persuade the Europeans that the US is committed to a changed East/West relationship.

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First Quarter 1989

Acquisitions

Client	Description of Transaction	Approximate Size of Transaction
Adams Publishing Acquisition Corp.	Acquisition of Trailer Life Group from American Bakeries Company	$ 138,000,000
Briggs Industries Holding Corp., a new corporation formed by CS First Boston, Inc. and Management Group	Acquisition of JPI Plumbing Products, Inc. from J.P. Industries, Inc. (Pending)	76,000,000
Canada Malting Co. Limited	Acquisition of Great Western Malting Company from Penwest, Ltd.	125,000,000
Central Co-operative Bank	Merger for Cash with Somerset Bankshares Inc. (Pending)	38,000,000
Cipher Data Products, Inc.	Cash Tender Offer for Irwin Magnetic Systems, Inc. (Pending)	76,000,000
Consolidated Freightways, Inc.	Cash Tender Offer for Emery Air Freight Corporation (Pending)	230,000,000
Consolidated Natural Gas Company	Joint acquisition of Mark Producing, Inc. with Japax (U.S.) Corp. from Veba AG (Pending)	245,000,000
Constellation Bancorp	Merger for Common Stock with New Brunswick Savings Bank	50,000,000
Corona Minerals Corporation, a wholly-owned subsidiary of Corona Corporation	Cash Tender Offer for Dickenson Mines Limited Class B Shares (Pending)	32,000,000
Corona Minerals Corporation, a wholly-owned subsidiary of Corona Corporation	Cash Tender Offer for Kam-Kotia Mines Limited (Pending)	28,000,000
Encore Computer Corporation	Acquisition of Computer Systems Division from Gould Inc. (Pending)	174,000,000
First Financial Management Corporation	Acquisition of Georgia Federal Bank, FSB from Fuqua Industries, Inc. (Pending)	232,000,000
Georgia US Corp., a subsidiary of Nationale-Nederlanden NV	Acquisition of Southland Life Insurance Company from Franklin Life Insurance, a subsidiary of American Brands, Inc.	440,000,000
Gibbons, Green, van Amerongen, L.P.	Cash Tender Offer for The Ohio Mattress Company (Pending)	941,000,000
Imperial Oil Limited	Cash Tender Offer for Texaco Canada Inc. (Pending)	4,150,000,000
Kaufman & Broad, Inc.	Acquisition of Annuity Operations of Commercial Life Insurance Company from The Continental Corporation	65,000,000
King Videocable Company	Acquisition of Suburban Cable Company from Hauser Communications, Inc. (Pending)	Not disclosed
Miles Inc., a subsidiary of Bayer USA Inc.	Acquisition of Cooper Technicon, Inc. from Cooper Companies, Inc. (Pending)	212,000,000
Naamloze Vennootschap DSM	Acquisition of Copolymer Rubber & Chemical Corporation from Mark IV Industries, Inc.	250,000,000
National Westminster Bancorp Inc.	Merger for Cash with Ultra Bancorporation (Pending)	282,000,000
Outlet Communications, Inc.	Merger for Cash and Securities with Atlin Communications, Inc.	Not disclosed
SCEcorp	Merger for Common Stock with San Diego Gas & Electric Company (Pending)	2,560,000,000
SGS-Thomson Microelectronics BV	Acquisition of INMOS Ltd. and Semiconductor Assets from Thorn EMI North America, Inc. (Pending)	Not disclosed
STC PLC	Cash Tender Offer for Computer Consoles, Inc.	168,000,000
Sage Acquisition Corporation	Acquisition of remaining 31.1% Equity Interest in Sage Energy Corporation (Pending)	20,000,000
The Charles Schwab Corporation	Acquisition of Rose & Company Investment Brokers, Inc. from The Chase Manhattan Corporation (Pending)	37,000,000
Stone Container Corporation	Cash Tender Offer for Consolidated-Bathurst Inc. (Pending)	2,200,000,000
Tokio Marine & Fire Insurance Company	Acquisition of 40% Equity Interest in First Insurance Company of Hawaii from The Continental Corporation	28,000,000
UNUM Corporation	Acquisition of Commercial Life Insurance Company from The Continental Corporation	179,000,000
WCI Holdings Corporation	Cash Tender Offer/Merger for Preferred Stock for Wickes Companies, Inc. (Pending)	538,000,000

Corporate Sales and Divestitures

Aetna Life and Casualty Company	Divestiture of Aetna Life and Casualty Ltd. to Prudential Corporation PLC	$ 94,000,000
American General Corporation	Divestiture of Maryland Casualty Company to Zurich Insurance Company (Pending)	740,000,000
American Standard, Inc.	Divestiture of Steelcraft Division to Masco Industries, Inc.	Not disclosed
American Standard, Inc.	Divestiture of Tyler Refrigeration Corporation to Kelso & Company (Pending)	Not disclosed
BMA Corporation	Divestiture of KDVR-TV Denver (CO) to Chase Communications Inc. (Pending)	12,000,000
Bank of Delaware Corporation	Merger for Common Stock with PNC Financial Corporation	230,000,000
Becton, Dickinson and Company	Divestiture of Edmont Division to Pacific Dunlop Ltd. (Pending)	228,000,000
CSX Corporation	Divestiture of Texas Gas Transmission Corp. to Transco Energy Company	571,000,000
Camellia City Telecasters, Inc., a wholly-owned subsidiary of BMA Corporation	Divestiture of assets of KTXL-TV Sacramento (CA) to Renaissance Communications Corp. (Pending)	56,000,000

Client	Description of Transaction	Approximate Size of Transaction
Campeau Corporation	Divestiture of AnnTaylor Inc., a subsidiary of Allied Stores Corporation, to AnnTaylor Holdings, Inc.	$ 430,000,000
Campeau Corporation	Divestiture of Children's Place Retail Stores, Inc., a subsidiary of Federated Department Stores, Inc., to TCP Acquisition Corp.	26,000,000
The Cherokee Group	Cash Tender Offer by Green Acquisition Company (Pending)	171,000,000
The E.W. Scripps Company	Divestiture of The Sun-Tattler to DTH Media, Inc.	Not disclosed
Falstaff Brewing Corp.	Merger for Cash with S&P Company (Pending)	79,000,000
Federal Savings Bank of Puerto Rico	Merger for Cash with Banco Santander Puerto Rico	100,000,000
First Brands Corporation	Divestiture of European Household Products Operations to The Dow Chemical Company	Not disclosed
Fortune Financial Group, Inc.	Merger for Cash and Securities with Dyson-Kissner-Moran Corporation (Pending)	181,000,000
GAF Corporation	Merger for Cash and Securities with Management Group led by Samuel J. Heyman	1,574,000,000
General Cinema Corporation	Divestiture of General Cinema Beverages, Inc. to PepsiCo, Inc.	1,750,000,000
Meritor Savings Bank	Divestiture of Meritor Mortgage Corporation-West to Mortgage Servicing Trust (Pending)	Not disclosed
Meritor Savings Bank	Divestiture of Meritor Credit Card Operations to The Chase Manhattan National Bank USA	Not disclosed
Meritor Savings Bank	Divestiture of Meritor Credit Corporation to Ford Motor Credit Company	Not disclosed
New England Life Insurance Company and Guardian Royal Exchange Assurance plc	Divestiture of 51% Equity Interest in Connecticut National Life Insurance Company (Pending)	Not disclosed
The New York Times Company	Divestiture of NYT Cable to Comcast Corporation, Lenfest Communications, Inc., and a group formed by Bruce Llewellyn (Pending)	420,000,000
PacifiCorp	Merger for Common Stock with Utah Power & Light Company	1,900,000,000
Pegasus Communications, Inc.	Divestiture of WTVM-TV Columbus (GA) to American Family Broadcasting Group	45,000,000
The Pillsbury Company	Cash Tender Offer by Grand Metropolitan PLC	5,574,000,000
Quantum Chemical Corporation	Divestiture of Emery Division to Henkel Corporation (Pending)	480,000,000
Ransburg Corporation	Cash Tender Offer by Illinois Tool Works Inc.	177,000,000
Ransburg Corporation	Divestiture of Maschinenfabrik GmbH to Matuschka Group	Not disclosed
Republic American Corporation	Merger for Cash with Penn Central Corporation (Pending)	290,000,000
Rock Island Refining Company	Merger for Cash with Marathon Petroleum Company	Not disclosed
Sound Warehouse Inc.	Merger for Cash with Shamrock Holdings, Inc. (Pending)	133,000,000
Tenneco, Inc.	Sale of Tenneco Oil Company and certain related businesses to Various Purchasers (Pending)	7,300,000,000
Texas Eastern Corporation	Cash Tender Offer/Merger for Securities with Panhandle Eastern Corporation (Pending)	3,223,000,000
Texas Eastern Corporation	Divestiture of North Sea Oil and Gas Assets to Enterprise Oil PLC (Pending)	1,400,000,000
Travelers Corporation	Divestiture of Keystone Provident Life Insurance Company to Liberty Mutual Insurance Company (Pending)	Not disclosed
Wardair Inc.	Cash Tender Offer by PWA Corporation (Pending)	207,000,000

Restructurings, Takeover Defenses and Other Advisory Services

Affiliated Publications, Inc.	Spinoff of API Print Corporation/Merger for Common Stock with McCaw Cellular Communications (Pending)	$ 2,898,000,000
The Citizens and Southern Corporation	Advice with respect to offer from NCNB Corporation	2,401,000,000
Committee of Dalkon Shield Claimants	Advisors to Claimants in American Home Products Corporation's acquisition of A.H. Robins Company, Inc. (Pending)	3,300,000,000
Consolidated Gold Fields PLC	Advice with respect to offer from Minorco S.A.	5,400,000,000
C3, Inc.	Advice with respect to offer from Knoll Capital Management	Not disclosed
Ekco Group, Inc.	Repurchase of 8.6% Equity Interest from Sonar Partners	5,000,000
Fairchild Industries, Inc.	Repurchase of 25% Equity Interest from Quantum Fund, N.V. and Certain Affiliated Investors	75,000,000
Her Majesty the Queen in Right of New Zealand	Privatization of Air New Zealand Limited acquired by a consortium comprised of Brierly Investments Limited, Qantas Airways Limited, AMR Corp. and Japan Air Lines Co. Ltd.	420,000,000
Kaufman & Broad, Inc.	Restructuring/Spin-off of Kaufman & Broad Home Corp.	300,000,000
Kawasaki Steel Corporation	Formation of a Joint Venture with the Eastern Steel Division of Armco Inc. (Pending)	350,000,000
Madison Gas & Electric Company	Advice with respect to offer from WPL Holdings, Inc.	249,000,000
McBain, Rose Partners	Recapitalization of Flexible Technologies	Not disclosed
NWA Inc.	Advice with respect to offer from a Partnership formed by Marvin Davis, General Partner	2,700,000,000
Prime Computer, Inc.	Advice with respect to offer from MAI Basic Four, Inc.	1,550,000,000
Public Service Company of New Hampshire	Restructuring (Pending)	Not disclosed
Quantum Chemical Corporation	Recapitalization	1,150,000,000
TW Services, Inc.	Advice with respect to offer from SWT Associates, L.P.	1,430,000,000
UAL Corporation	Sale of 49.5% Equity Interest in the Covia Partnership to Alitalia, British Airways, KLM Royal Dutch Airlines, Swissair and USAir, Inc.	500,000,000
Wesray Capital Corporation	Sale of Avis, Inc. Preferred Stock to Avis on behalf of Employee Stock Ownership Plan	Not disclosed
Wesray Capital Corporation	Sale of Equity Interest in Simmons Bedding to Employee Stock Ownership Plan	Not disclosed

First Ideas, Then Results.

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EdF plans to supply electricity across Channel

French allowed to buy up shares in power boards

By Maurice Samuelson

THE FRENCH electricity industry will be allowed to hold shares in British electricity boards in exchange for supplying them with additional power after they are privatised.

This was made clear yesterday by the UK Department of Energy after Mr Remy Carle, director-general of Eléctricité de France, expressed interest in the idea and said his Board was thinking of raising it with the British Government.

EdF, the French State-owned electricity authority, believes that that such a scheme might enable electricity distribution companies, primarily in southern England, to buy French nuclear power to meet their 20 per cent non-fossil fuel quota, as required in the privatisation legislation.

Some 70 per cent of France's power is generated in nuclear stations.

Mr Carle is reported to have made the proposal at an international conference on the nuclear industry in Moscow on Monday.

If adopted it would help EdF to expand its electricity market as the basis for continuing its power station construction programme in the 1990s.

Whitehall officials raise no objection in principle, but list a number of qualifications. EdF would be excluded from the initial issue of electricity shares and could obtain shares only subsequently with permission of the companies' other shareholders.

Like other shareholders, EdF would be limited to a 15 per cent maximum stake, a rule which the Government intends to enforce through its own "golden shares" in all the privatised utilities.

EdF currently supplies the Central Electricity Generating Board via a 2,000 MegaWatt cable link on the bed of the English Channel.

After the break-up and privatisation of the CEGB, the French power is likely to be purchased centrally by the National Grid company.

A shares-for-power swap, therefore, could be a way of helping to finance an additonal 2,000MW "interconnector." Such a scheme is currently being investigated by three or four area boards in Southern England.

It is by no means certain, however, that additional purchases from EdF would automatically qualify as part of area boards' non-fossil fuel quota.

Besides helping diversification from coal and oil, the non-fossil element is designed to enhance security of supply. Electricity officials believe it will for the industry's future regulator to decide whether transmissions through a 26 mile link on the bed of the Channel are more secure than from power stations in Britain itself.

Heathrow rail link plan to go ahead

By Rachel Johnson

The £200m plan to build a fast rail link from Paddington to Heathrow has not been entirely abandoned by its sponsors, the British Airports Authority and British Rail, following the rejection of the proposed route by a House of Lords select committee.

The five lords scrutinising the Heathrow Express Bill - deposited last November - decided by a majority of three to two that a 1.5 mile section of the new line would result in "fragmentation of the green belt."

The bill's sponsors are planning to pursue one of three options to ensure that they still secure parliamentary approval for the new line even after this week's setback, which represents an early hitch in the Government's plans to promote private funding of big transport projects.

This might present construction problems because the present alignment avoids tunnelling underneath a council rubbish tip which is thought to contain explosive methane gas. The modifications would add an extra £20m to £30m to construction costs.

If the Lords will not agree to that, the sponsors are prepared to make "more fundamental modifications" to the bill and reintroduce it in the next parliamentary session.

The express link would run every 15 minutes from Paddington and stop at Heathrow Central and Terminal 4. It would cut down journey time from the current 45 minutes on the Underground to 16 minutes and relieve congestion on roads near Heathrow.

In Brief

Government wins court decision on poll tax

The Government has defeated an attempt to block the delivery to 21m households in England of a leaflet forming part of its £1m campaign to explain its proposed community charge or "poll tax."

Two judges in the High Court yesterday rejected a complaint by the London Borough of Greenwich that the leaflet was so misleading that its publication using public funds amounted to "a misuse of ministerial power."

AEA sales drive

A corporate drive by the £450m-turnover UK Atomic Energy Authority to market worldwide its technological skills and facilities was launched in London.

Wage deal warning

Current levels of wage deals are the biggest danger faced by the UK economy in the fight against inflation, according to Robin Leigh-Pemberton, Governor of the Bank of England.

CFC decision

The flexible polyurethane industry in the UK, the products of which are mainly used in making car seats, furniture and bedding has announced that it is to phase out the use of chlorofluorocarbons in its products.

Lloyd's consortium

Seven of the eight life syndicates at Lloyd's of London, the international insurance market, have formed a consortium in a move to expand their market to a wider UK public.

Howe says Britain will join EMS when 'the time is right'

By Peter Norman, Economics Correspondent

SIR GEOFFREY Howe, the Foreign Secretary, last night held out the prospect of Britain one day becoming a full member of the European Monetary System while rejecting the Delors committee proposals for economic and monetary union in Europe.

Addressing the annual dinner of the Confederation of British Industry, the employers' organisation, Sir Geoffrey recalled that Britain had long said it would join the EMS exchange rate mechanism "when the time is right." He added, however, that when Britain took such a step it would not imply an endorsement of the Delors report.

As in the past, Sir Geoffrey gave no hint as to when the time might be right for Britain to become a full EMS member despite a plea from Sir Trevor Holdsworth, the CBI president, that British business must not allow itself to be disadvantaged by isolation from the EMS exchange rate mechanism.

"Most of the Government's word processors continue to agree that we should join: 'when the time is ripe'," observed Sir Trevor drily. "Having lived through a 10-year period of stagnation to boom with widely ranging exchange rates, it is not easy to identify exactly what ripeness means."

Last night, Sir Geoffrey said that Britain had a "realistic approach" to monetary co-operation in Europe. He said Britain favoured practical steps towards monetary integration such as abolition of exchange controls, financial services liberalisation and developing the role of the European Currency Unit.

Sir Geoffrey said that Britain's political as well as economic future lay with the European Community. "The Community is not only a new horizon of economic opportunity for the UK."

New powers to monitor £13bn charities industry

By Robert Rice and Ivor Owen

THE CHARITY Commission is to be given tough new powers to tackle fraud and mismanagement in Britain's £13bn a year charities industry, under Government proposals for the first major overhaul of charities law in 30 years, outlined in a policy document published yesterday.

The proposals are designed to enable the commission to take a more active role in the supervision of charities, to increase charities' accountability both to the commission and to the public and to place greater responsibility on charitable trustees.

Announcing the publication of the policy document Mr Douglas Hurd, the Home Secretary, said the aim was to "strike a balance between freedom and control."

Charities had to have the freedom to go about their business without unreasonable interference but within a proper framework, he said.

OBITUARY

Charles Hodgson

CHARLES Hodgson was, as one of his colleagues put it yesterday, "affable and unflappable." As an editor, he proved he had an exceptional ability to get the best out of others. As a writer, at the age of 33, he was in the process of demonstrating that he was in the first rank.

Educated at Hurstpierpoint College in Sussex and at Bristol University, where he took a degree in politics, he soon migrated to Brussels. He was one of the group of very bright young people who worked on "European Report" covering EC affairs. He then worked as a reporter and feature writer for the European News Service.

Charles joined the FT in 1982 as a subeditor in our Frankfurt office, before returning to London to work on the international edition desk in 1984. He became editor of the American page of the newspaper at the start of 1986 and of the European section 12 months later. A year ago he moved to our political staff in Westminster.

Always fascinated by foreign affairs, he possessed a singular talent for handling foreign correspondents, never the easiest of breeds to manage. He seemed to be able to direct, cajole, inspire and criticise them in a way that was simultaneously intellectually rigorous without ever lapsing into arrogance or animus.

On the foreign desk, he was considered utterly dependable by his colleagues, yet possessed of a relaxed, cool and ironic style that belied the fact that he was a real workhorse. His knowledge of Europe approached the encyclopaedic.

His real writing "break" on the FT occurred early last year when he was sent at short notice to fill a gap in the Moscow bureau. The quality and range of his reporting was soon evident, to the point that on his return it seemed logical that he should take on a full time writing position in the political arena.

In fact he returned to Moscow later to cover the momentous party plenum, at which the Gorbachev reforms were spelled out in full. He went almost directly from there to the intricate but more humdrum affair of a Labour Party conference. He handled both with remarkable facility and adaptability.

At Westminster, he was among the few political correspondents who understood how to extract from the daily maelstrom of events those developments which have a significance beyond a single day's headlines: to filter out the important from the froth.

He wrote with understanding and sensitivity about difficult subjects like Northern Ireland and with wit about the intrigues and gossip which fill the corridors, bars and tearooms of the House of Commons.

Though - or perhaps because - he was never captured by the Westminster establishment, he won the respect of his colleagues on other newspapers and of the MPs and Peers about whom he wrote.

Charles Hodgson was one of that small group of people who can combine real style with humility. His discreetly trendy mode of dress went hand-in-hand with a natural reserve; he was a linguist par excellence; he was genuinely cosmopolitan, with a particular love for Portugal where he and Maria Manuel had a home, and a more than lingering affection for Brussels; he was one of those few Englishmen who could be considered a true European.

His loss leaves a real void in the lives of his family, colleagues and friends.

Construction industry heads for unrest

By Jimmy Burns, Labour Staff

BRITAIN's construction industry is facing the prospect of growing industrial unrest after employers and union leaders failed to agree on pay.

Ucatt, the main construction union, yesterday warned that it was possible that there would be a ballot on industrial action among 600,000 workers in the industry.

Union officials on Monday rejected a revised offer from employers of 8 per cent.

Mr Albert Williams, Ucatt general secretary said: "I have told the employers that they will have to come up with a much better deal before I can take their proposals back to my membership."

The Building Employers' Federation described talks as "adjourned" and not broken down, but described the position taken by union leaders as "intransigent" and stressed that it would not be able to meet the claim.

Employers plan to extend 'compact' schools project

By David Thomas, Education Correspondent

LONDON's employers plan to extend a pioneering partnership based on a US model between business and schools to cover older children.

But most of the jobs available under the scheme have been shunned by school-leavers.

Under the compact programme, jobs with training are guaranteed to inner city pupils leaving school at 16 if they have meet agreed standards.

The Government has been so impressed by compacts since the first British one was established in East London in 1987 that it is funding 40 new ones throughout the country.

The first extensive report on the East London compact was published yesterday by the Inner London Education Authority, which pioneered the initiative in the UK.

The Campaign for Work, a pressure group, also published a report questioning the success of the compact in Boston, US, the model for the British compacts.

The three-volume Ilea report pointed to substantial improvements in attendance rates in East London compact schools. The proportion of fourth and fifth years attending school for at least 85 per cent of the year rose from 45.8 to 59.1 per cent.

However, only 10 of the 212 compact jobs on offer were taken by pupils in the compact schools. This was partly because a relatively high proportion of fifth-formers achieving all compact goals stayed in education.

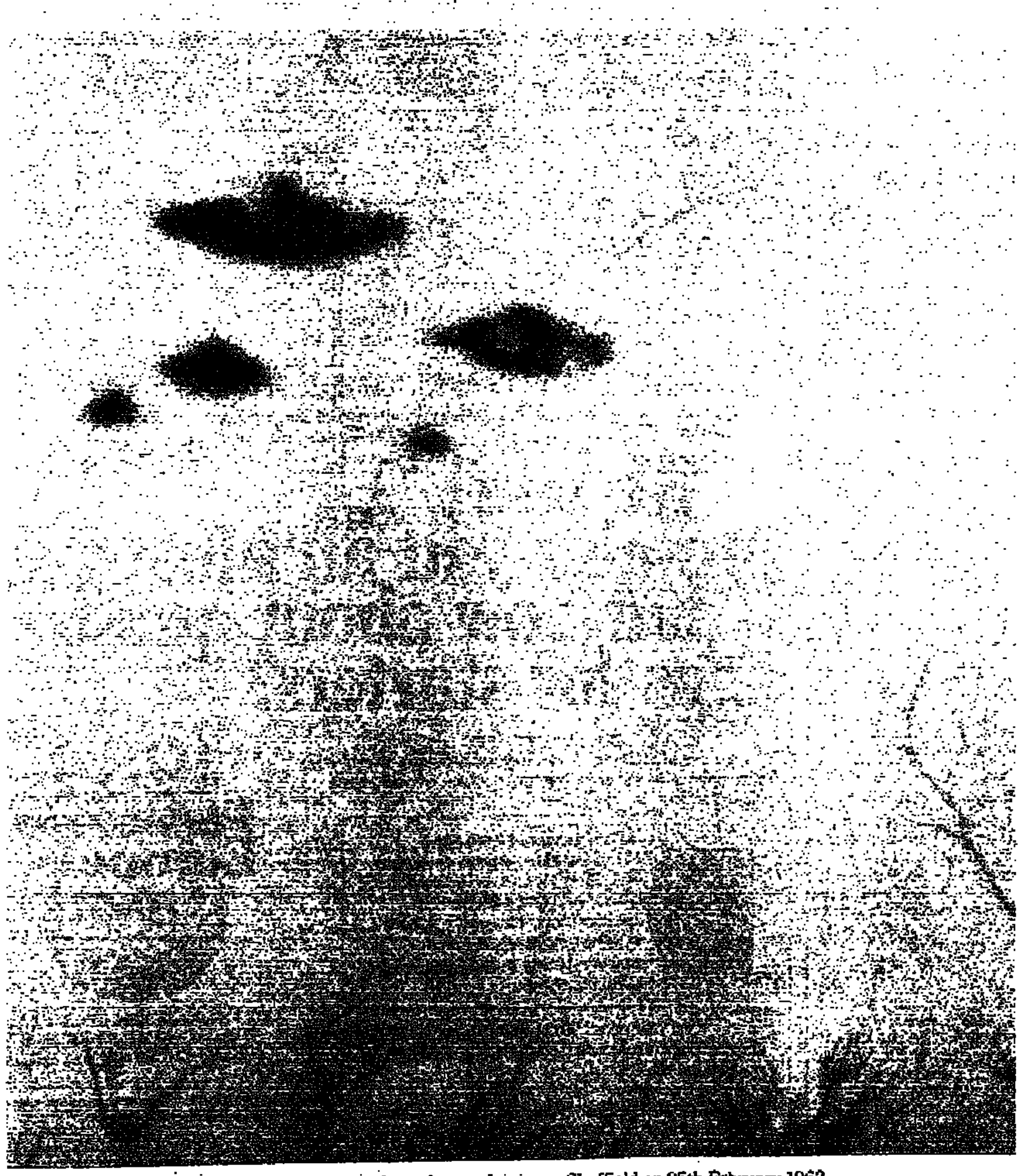
The employers are preparing a pilot scheme under which 17- and 18-year olds in education will be covered by a compact. They will be guaranteed a job if they achieve certain goals including courses tailor-made to employers' needs.

The Campaign for Work in its report says employers are dissatisfied with the Boston compact, largely because it failed to achieve a cut in drop-out rates from schools.

WHICH FLYING OBJECT ARE YOU LEAST LIKELY TO HAVE SIGHTED OVER BRITAIN?

Not this one. It was sighted over Barnsley on 5th August 1987.

Not these either. A 15 year old and his mum spotted them while walking back from a Conisbrough chip shop on 28th March 1966.



Nor these. A number of people saw them over Sheffield on 25th February 1962.

This one. The MEGATOP 747. Because until May 30th when it makes the first ever non-stop flight from Singapore to London, no one will have seen MEGATOP over Britain. Once again, the airline with the world's most modern fleet brings you an aircraft that's out of this world.

SINGAPORE AIRLINES

UK NEWS

Siemens sets its sights on Britain

Alan Cane looks at the West German company's aggressive plans

SIEMENS, the West German electronics company now bidding with General Electric Company for control of Plessey, plans to be among the top five suppliers of computer systems to the UK market within five years through an aggressive programme of acquisition and organic growth.

It has a stiff task ahead. The UK "league table" is headed by International Business Machines of the US with revenues of £1.7bn (excluding exports), followed by ICL (£905m), Digital Equipment (£737m) and Unisys (£368m) of the US and Bull (£225m), formerly Honeywell Bull, of France. Just outside the top five, Hewlett Packard of the US turned over £218m.

Siemens, however, has only just established a data systems division in the UK and last year it turned over less than £5m. Mr Andrew Ferrier, appointed head of the division six months ago, said it intends to meet its target through a combination of substantial organic growth and acquisitions, partnerships and marketing agreements.

He expected existing staff numbers of 276 to grow to between 700 and 1,200 within three years. The division was growing at 80-100 per cent a year and was likely to do so for the foreseeable future. He would not rule out the possibility of manufacturing computers in the UK.

There would be no constraints on funds, he said, to make acquisitions. Last month, rumours that Siemens was interested in acquiring International Computers, owned by STC of the UK, were denied somewhat unconvincingly by both parties, leaving suspicions that the two companies had been exploring a merger or strategic alliance.

The plan for growth in data systems in the UK is part of Siemens' broader strategy to strengthen its presence in the principal industrial markets outside West Germany, which has seen it investing substantial sums to secure market presence in areas as diverse as semiconductors and medical engineering.

Data systems represent about 10 per cent of Siemens DM 56bn ($28.82bn) world-wide business, but 75 per cent of its computer sales are in West Germany where it is second only to International Business Machines. It is weak or absent elsewhere in Europe. It has targeted France and the UK for substantial business initiatives and recently purchased IN2, the French software house.

Siemens is, however, virtually unknown as a computer company in the UK. Yet a month ago it surprised the computer world by being awarded the prestigious contract to supply Britain's new police national computer, defeating consortia led by IBM and Amdahl, teh UK mainframe vendor, in the process.

The contract was won at least in part because of the close working relationship Siemens has established with a West Germany software company, Software AG, whose database software had already been chosen as the heart of the police system. Siemens sees partnerships with specialist software houses as a powerful technique for winning contracts.

Siemens produces a full range of computers from laptops to supercomputers. It manufactures most of its range

Andrew Ferrier

in West Germany although its supercomputer is bought in from Fujitsu of Japan and it works closely with the Japanese company in developing the chips for its major systems.

Despite the decline in gross margins which all manufacturers are experiencing as silicon chips replace whole manufacturing assemblies, Siemens is committed to staying in computer manufacture, believing it has the volumes to produce at competitive cost. While its computers will never be the cheapest, it believes, they will command a market premium because of quality.

Mr Ferrier, a former ICL manager who has more recently been working for the US computer company Pyramid Technologies, is actively looking to acquire three kinds of company to complement the firm's organic growth:

● Software houses with expertise in particular market sectors. These would not be bound tightly to the division but allowed to operate on a loose rein. The company is believed to be close to agreeing the acquisition of a UK software house specialising in the banking sector.

● Firms with systems integration capability, able to choose the best computer hardware and software from a diversity of sources to meet a customer's computing requirements.

● Companies with substantial shares of particular markets which would act as a channel for the distribution of Siemens' hardware.

The division intends to focus its marketing efforts on three principal kinds of customer. First, the finance and banking sector including building societies and investment banks, where it will sell branch office, back office and dealing systems – and where it can expected to meet stiff competition in the UK from, among others, Philips of the Netherlands, Olivetti of Italy and Nixdorf of West Germany.

Second, geographical information systems, a new and fast growing market involving the combination of graphical and textual information – detailed computer maps of the approaches to airports, for example. Third, general projects, of which the Police National Computer contract is an example.

Siemens has a second interest in the mainframe computer business in the UK through its minority stake in Comparex, a joint venture with BASF. Mr Ferrier says the two companies operate completely independently. He says it is too soon to say what effect a Plessey jointly owned by Siemens and GEC might have on his plans but welcomes the publicity the furore has generated. It has proved an effective shortcut to putting the Siemens name on the business map of the UK.

Tentative signs of pick-up in manufacturing export orders

By Ralph Atkins, Economics Staff

TENTATIVE signs of a pick-up in UK manufacturing export growth – particularly in London, the south west and east midlands – came in a survey published yesterday.

Business confidence remains high despite a slowdown in home sales by both manufacturing and service companies, according to the survey of 3,000 businesses in 12 regions. Less welcome for the Government, it shows investment growth has fallen – almost certainly the result of high interest rates – while serious skill shortages remain in many regions.

The Association of British Chambers of Commerce said growth in manufacturing export orders accelerated in the first three months of 1989 after only modest gains throughout most of last year. However, the rate of increase remained below levels reported at the start of last year and was slower than growth in home sales.

The revival could boost hopes of an improvement in Britain's export growth in 1989. Slow growth in exports shown by the survey last year coincided with the rapid deterioration in Britain's current account deficit.

The difference between the percentage of manufacturers saying export orders increased in the first quarter of 1989 minus those reporting a fall was a balance of 16 per cent. That compared with 8 per cent in the last three months of 1988 and 20 per cent in the first quarter of last year.

The association said regions recording a slowdown in domestic orders did not correspond with those reporting an increase in exports. This suggested companies were not simply switching output from domestic to overseas markets.

Instead growth has probably been driven by companies'export programmes, particularly among smaller businesses, and increased imports of UK goods by other countries.

Manufacturers and service companies' domestic orders remained strong in the first three months of the year although the growth rate fell slightly. A balance of 25 per cent of manufacturing companies reported increases, compared with 30 per cent in the fourth quarter of 1989.

Mr Andrew Lansley, the association's policy director, said: "There is no sense of black clouds or recession on the horizon as far as our members are concerned."

However, investment growth fell steeply in the first three months of the year. A balance of 18 per cent of manufacturers reported increases, down from 24 per cent at the end of 1989.

Quarterly Economic Survey. Association of British Chambers of Commerce, Sovereign House, 212 Shaftesbury Avenue, London WC2H 8EW. £8 (£30 annual subscription)

Consumers will pay for 'green' products

By Christopher Parkes, Consumer Industries Editor

MOUNTING public concern over "green" issues shows up clearly in a study which shows a high proportion of British consumers prepared to pay premium prices for environmentally-friendly products.

Around 70 per cent will pay more for chemical-free products according to a Gallup poll conducted for Crown Berger, the decorative paints company.

More than 50 per cent said pollution was the worst aspect of life in Britain, followed by litter, and the disappearance of the countryside.

Pollution figured strongly, along with drug abuse and Aids, among the three greatest sources of fear.

Smoking, road accidents and accidents at home, were of far less concern even though 5,000 died on the roads last year.

Labour pledge to intervene in oil price levels

By Steven Butler

A LABOUR government would be prepared to reduce British oil output and co-operate with other oil producers in an effort to promote "stability" in oil prices, Mr Frank Doran, the opposition party's spokesman on oil and gas policy, said yesterday.

Mr Doran, a Labour MP, said that if the party formed a government it would not rely on market forces, but intervene strongly on a range of oil industry issues.

Mr Doran, speaking at a conference organised by Spectrum Energy and Information Technology, said a Labour government would be prepared to enter talks with other producers and offer restraint in British production.

He said that while the volume of any British restraint on production would be insufficient to affect the market directly, it would have an important psychological impact.

The policy differs sharply from the approach of the present Conservative Government, which is committed to allowing market forces to determine oil prices and has spurned any hint of co-operation with the Organisation of Petroleum Exporting Countries.

Mr Doran also said that Labour would promote a UK-based oil services and supply industry which would survive the eventual decline in UK oil production. This would require co-operation between government and industry to invest heavily in research and development, promote training of skilled workers, and ensure that UK companies receive the full transfer of new technology from parent companies.

He said holders of new oil licence blocks would be required to conduct a "proper" exploration effort and to furnish results to the government.

ARTS

TELEVISION

Never mind the chit-chat, where's the conversation?

It already seems pretty clear that life is not going to be easy for the new generation of television providers. Satellite dishes are selling at the meagre rate of 3,000 a week, which will have to improve enormously if the system is to succeed. But whatever happens with satellite or cable, television has already expanded dramatically and will expand further. And whichever technology proves most successful, one thing is sure: talk will be a major ingredient.

The great thing about talk, or "talking heads" in the industry's own contemptuous phrase, is that it is not expensive. Compared with drama or documentaries, or even something as economical as sport, talk is very cheap indeed. Employ the biggest names in the business, as interviewers or interviewees, and you will still be paying a fraction of what it costs to produce comedy or news or any other type of programme. The only cheaper way of filling time is to avoid "producing" and to buy old series off the American (and, nowadays, Australian) stockpiles.

That being so, you might think there would be a lot of *good* talk on the screen, and a lot of competition between talk shows, yet there is very little evidence of it. What is certainly noticeable is that the programmes actually originated by Sky Television, as distinct from those they buy abroad, are virtually all talk shows of one sort or another.

Every weekday from 10.30 to 11.30 am Tony Blackburn and Jenny Hanley present the studio-bound *Sky By Day* which consists almost exclusively of chat with "celebrities," about "problems," in response (supposedly) to viewers' letters, and so on. It is a profoundly undemanding programme. Every weekday evening from 10.30 to 11.30 pm Sky Channel presents *Jameson Tonight* in which the former tabloid newspaper editor, Derek Jameson, makes a somewhat embarrassing attempt to emulate America's Johnny Carson.

Sitting at a desk like Carson's, with a stooge like Carson's (though admittedly Annabel Giles is much more decorative than Ed McMahon, decoration, it seems, being her chief function) Jameson conducts conversations with tabloid newspaper "personalities" such as the former topless model Linda Lusardi or lingerie model Sharon Davies. The intellectual level is about what you would expect from an average chat in an average pub on an average night: banal and instantly forgettable.

New twists to the old talk show format in "Target" on Sky: Austin Mitchell and Norman Tebbit grill people in the news on Sky

The 60-minute *Frank Bough Interview* which is carried at 8.30 every weeknight by Sky News (repeated at 2.30 in the morning, with *The Best Of* on Saturday evenings) is better. It may be my imagination, but now that he is away from the BBC Bough seems sharper with his guests, and more ready to challenge them. With politicians in particular he seems more rigorous. There is also *The Editors*, shown twice on Sky News on Sundays, in which Anthony Howard discusses topical matters with other journalists.

Best of Sky's talk series is *Target* on Mondays, Tuesdays and Thursdays, in which Norman Tebbit and Austin Mitchell grill somebody who is in the news. This series gives a number of new twists to the old talk show format: it makes a change to have two interviewers and one interviewee; far from making any secret of their political views the two MPs enthusiastically exploit them; and sometimes the argument between the two of them becomes more interesting than the original interview. With topics such as freemasonry and the Guardian Angels the programme works very well indeed.

That is more than can be said for *Rivron*, the oh-so-self-consciously "zany" talk series late on Saturday nights on Channel 4 in which Rowland Rivron has been interviewing the usual showbiz guests while floating, chest-high, in the dark, in the River Thames. Once, for five minutes or so, might have been amusing; an entire series was tedious beyond belief. Another "funny" Channel 4 chat series on the other hand, *Clive Anderson Talks Back*, which has promoted the question-master of *Whose Line Is It Anyway?* to the role of personality chat-show host, has worked moderately well. At least the show has featured some unpredictable guests who have clearly not been drafted in by the PR companies.

The same is true of Channel 4's most recent chat series *Wax On Wheels* for which Ruby Wax has taken to the road in a coach. For the sake of Episode 1 this ageing vehicle broke down on the motorway and La Wax carried out her first interview with the driver of the breakdown truck; a conversation so bizarre ("I not only retrieved his watch, I pieced together all his finger bones from the rubble in the burned out car") that it must have been authentic.

So, too, the second interview: "Car park cleaner, that's the official title."
"And do you use a broom?"
"Yes."
"Anything else?"
"Bin liners."
"Ever had a girl friend?"
"Yes. In 1952."

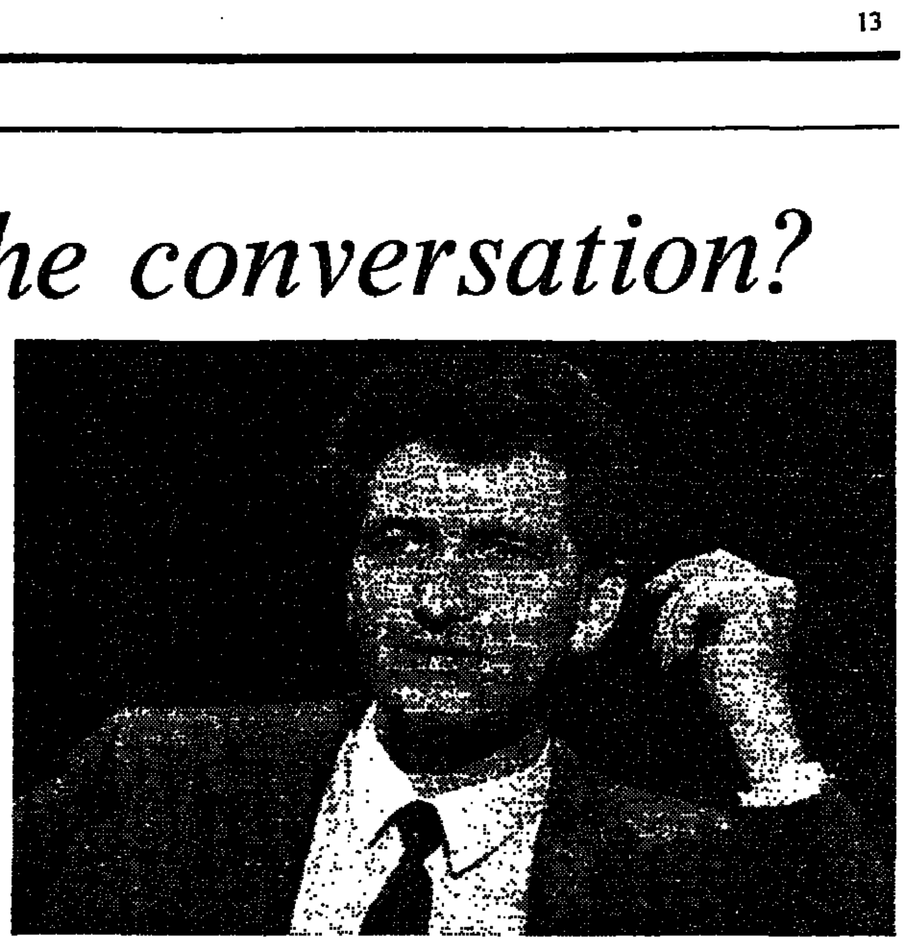
It could be that Wax's production team tracked down the breakdown man, the car park attendant, the female bomb disposal officer — an excellent interviewee — and the three psychic mediums, in the normal way, but I am inclined to believe they really did discover them all around the Newport Pagnell Service Area. If so, this proves, in a single programme, that the old claim made repeatedly by producers of conventional chat shows (that you have to stick to the familiar showbiz stage army because ordinary people are just that — ordinary) is hogwash.

Why, then, do the old shows, and particularly the BBC shows, stick so dutifully to those sent out by the agencies to promote their books, concerts, and films? What is the point of having 15 minutes or so of *Wogan* devoted to Stevie Wonder if it is organised in such an indulgent and lazy way that the audience learns less — literally — than from the opening paragraph of a newspaper profile?

And what is the point of BBC2's *The Late Show* giving Frederick Forsyth yet more time to promote his most recent thriller? Television is chock-a-block with programmes where he can do that, but there are few, if any other series like *The Late Show*. Nobody suggests that *Top Of The Pops* should include the latest recording of the Goldberg Variations and, similarly, *The Late Show* should stick to its last.

However, while the general picture may be of an ever growing number of talk programmes sharing the same little band of self-promoting writers, actors, and singers, each programme posited upon the proposition that "It's just a bit of fun isn't it, you don't want to take it too seriously, do you, after all it's only telly," there is one talk show which returned last week deserving a resounding chorus of welcome.

Channel 4's *After Dark* triumphantly broke all the rules from the beginning. Where the old chat shows had two or three "guests" provided by the PR agencies appearing in sequence, *After Dark* had anything from six to a dozen, none chosen for promotional reasons, all appearing simultaneously. While convention demanded the self-promoters pay for their plugs by boosting the ego of the all-important host, *After Dark* frequently used complete unknowns and you often reached the end of the programme without having noticed who the chairman was.



Channel Four's "After Dark," which triumphantly broke the rules from the beginning, returned last week chaired by John Underwood

Where normal chat shows were recorded in brilliantly lit theatres, in front of live audiences, lasted for 40 minutes, and specialised in superficialities, *After Dark* was transmitted live, from an isolated circle of light in the centre of a darkened studio, with no audience, and concentrated on large questions: anything from crime to Irish politics, via alternative medicine. And it lasted for two or three hours.

The first of the new series on Saturday proved that the formula is still working extremely well. The subject was official secrecy, and during the course of the night remarks included:

"I was in Egypt at the time, plotting the assassination of Nasser" and

"Wilson and Heath were destroyed in part by the action of intelligence agents" and (spoken with incredulity)

"You mean we *shouldn't* have got rid of Allende?"

The hostility between just two of the participants, which often brings most life to the programme, occurred this time between Tony Benn and ex CIA man Miles Copeland, and it was the fundamental difference in political outlook between these two which informed the entire discussion. Anyone who regarded Benn as a dangerous "loony leftie" but watched right through until 2.00 may have been astonished at his thoroughly conservative British attitudes.

Even though the *After Dark* format is borrowed from Austrian television, it is unarguably new to Britain and while it is still possible to start a talk show with this degree of originality, who cares whether it is cheap.

Christopher Dunkley

Mose Allison in London

Pianist/singer/composer Mose Allison has opened an engagement at Pizza on the Park, 11 Knightsbridge, ending on Saturday May 27.

Murray Perahia

FESTIVAL HALL

Perahia's Monday programme looked odd on paper: muscular early Beethoven followed by favourite numbers from Rakhmaninov's *Etudes-Tableaux*, and then quirky, vintage Schumann (the *Faschingsschwank aus Wien*) with standard virtuoso Liszt hard on its heels. In the event, it still seemed odd. Has Perahia acquired a new market-advisor? He dealt expertly with everything, but if there was any sense in the menu as a whole it remained a secret.

Beethoven's 32 Variations in C minor, admired chiefly by academic musicians, had a good run for their money. (They are period-inventive, but reveal little of the Beethoven still to come; the composer despised them.) I liked very much Perahia's way with the bursts of repeated notes early on — not machine-gun perfect, but frankly bumpy and obstreperous, and thereby more exciting. In the third of the op. 2 Sonatas Perahia was deftly stylish with the first two movements. Though he lavished visible enthusiasm upon the scherzo, its rude energy seemed genteelly restrained; that must have been designed for contrast, for the rondo-finale was rumbustious as could be (and peppered with unabashed finger-slips).

With Rakhmaninov we were suddenly in the international concert world. Perahia offered colourable readings of four *Etudes-Tableaux*, but no special empathy. His climaxes never pierced home (certainly not in the high-treble keening of the C major, op. 33), and generally he sounded like a professional tourist — well-prepared, ready to try on ideas of his own, but shy about coming to terms with Rakhmaninov's candid rhetoric. We got superior finger-exercises instead.

Schumann's *Faschingsschwank* ("Carnival Jest from Vienna") felt much more like home ground, though I thought the quaver-figures in Perahia's opening Allegro underplayed and unidiomatic, and his urgent Intermezzo distinctly brittle. The Scherzino was prettily turned, and the Finale bustled with brilliance. The Liszt evergreens might have been gingerly imports, like the Rakhmaninov — but no: Perahia delivered the 3rd "Consolation" *like heartfelt Schumann*, which was quite good enough, and the 12th Hungarian Rhapsody sported dazzling pianistic wit in dozens of places. Perhaps the entire programme was a kind of testing-ground. All the same one couldn't help missing the old introspective Perahia, who used to be concerned only with the music that moved him most.

David Murray

Holliger and Schiff

WIGMORE HALL

The Wigmore's current "Schumann and His Circle" series included Monday's recital by Heinz Holliger (oboe) and the resident pianist András Schiff. The programme was all middle-to-late-period Schumann; the combination of two such fine chamber musicians (the oboist took up addi-tional duty as *secondo* pianist in the *Bilder aus Osten* piano duet) and a mixed bill of mostly lesser-known works promised delights which were not fully forthcoming — mainly because the musical quality was heard to droop and flag rather a lot of the time.

The moving spirit of this bold little festival, the cellist Steven Isserlis, has proclaimed his belief that, in the matter of the later Schumann, conventional wisdom — the composer's inspiration shrivelled as his illness worsened — is wrong. But for all the devotion and heartfelt sympathy reading that Schiff gave of Schumann's last work, *Gesänge der Frühe* (Op.133) for piano, it seemed almost a demonstration of the soundness of conventional wisdom. The piece flickers, splutters, and at times (in the middle faster-moving section) seems on the point of going out; in a way, the pianist's eloquence gave the impression almost of exacerbating the weaknesses.

There was rather more continuous vitality in the earlier three Romances, Op.94, which Holliger and Schiff played with a marvellously "domestic" intimacy, free in nuance and spirit but never oversold in size or style. In their piano duetting (Holliger's experience of chamber piano-playing is considerable) one appreciated the same virtues. It would have been nice to be able to say the same of the Op.73 *Fantasiestücke*, but the decision to replace the originally-intended clarinet with an oboe d'amore was not a happy one, and the bonny folk-tale-flavoured charms of the music were unfortunately soured.

Max Loppert

Greek music theatre

QUEEN ELIZABETH HALL

Attica Red and dolmades have appeared on the menu of the Queen Elizabeth Hall wine bar, and the merry sounds of Cretan folk dancing fill the foyer. *The Greek Festival in London* runs until the end of June, planned on a generous scale to encompass theatre, poetry and the visual arts as well as music. The musical contribution itself is wide-ranging — from Byzantine chant to the folk music of the Vlachs, from Vangelis to Skalkottas, and including many composers who hitherto in London have been only names in the more comprehensive reference books. The mixture of high-art and folk culture is nicely judged, and from the audience brought to the Elizabeth Hall on Tuesday night it seems to have captured the imagination *of London's Greek community*.

It would be reassuring to learn that Tuesday's programme of music-theatre pieces by Jani Christou and Vassilis Riziotis was not representative of the festival events in general — at least I hope it wasn't, for a more hopeless farrago of pretension and self-indulgence has rarely,if ever, crossed my path.

Serious commitment was everywhere in evidence: the festival had brought over a section of the Greek Radio Orchestra for the occasion, together with the Athens Municipality Choir and a quartet of soloists; *the Riziotis also had a elabo*rate enough staging, with back projection and a video interlude.

His one-acter opera *In Silence* at least had the seeds of a credible theatre piece — a story of an actress who suddenly lost her voice in the middle of a Strindberg play, and the efforts of an analyst to find the reason for her trauma — but the music (conducted by the composer himself) was anaemic, the vocal writing predictable and the dramatic tension negligible.

Christou's *The Pianist* did not even have that — merely a background tape of indeterminate focus and ever increasing volume, a chorus emitting assorted yelps and screams, and a mute protagonist who moves meaningfully towards a piano, essays a few random clusters, crawls around beneath the instrument and stares into the audience with manic fixity. A memorably awful experience.

Andrew Clements

Stephen Varcoe

WIGMORE HALL

For his contribution to the series "Schumann & his Circle," Stephen Varcoe had the happy idea — doubtless with prodding from his accompanist Graham Johnson — of singing not only Schumann and his mentor Mendelssohn, but their female partners too: Clara Schumann, of course, and Felix's sister Fanny. Each pair collaborated on a published set of a dozen songs, which Varcoe and Johnson delivered with warm sympathy; in three of Robert Schumann's, the mezzo Catherine Denley added the requisite voice for a few bars of tender duetting.

All this was as interesting as it was engaging, though there were no revelations. Listening to lesser *Lieder* always reminds one how incestuously close-knit the romantic *Lied* tradition was; when a song has no very potent stamp of its own, its debts to others are plain to hear. Schubert's *excited "Rastlose Liebe"* (*"Dem* Schnee, dem Regen . . .") loomed behind Clara's "Er ist gekommen in Sturm und Regen," whereas the devout simplicity of Felix's "Herr, zu Dir" may very well have inspired Hugo Wolf's "Herr, schicke was du willt" — which eclipses it utterly. In an extra song by Fanny, the Eichendorff verses she set as "Frühling" were soon to find an unmatchable setting in Robert's "Frühlingsnacht."

She was unlucky with Heine's "Verlust" too, for again Robert's rapturous version in his *Dichterliebe* would brook no competition. He borrowed ideas himself from that cycle in a linked pair of Rückert settings from the same year, "Rose, Meer und Sonne" and "O Sonn', o Meer, o Rose:" these rapt songs might nonetheless bear more frequent hearing. "Liebst du um Schönheit," another Rückert exercise by Clara, was coolly shaped, less mawkish than the Mahler song of 60-odd years later. Yet Mahler's through-composed effusion leaves Clara's strophic version standing.

The Mendelssohn music lost more than Schumann's through downward transposition to suit Varcoe's (light) bass-baritone. For all Johnson's ingenuity, the piano-component tended toward a sullen, uncharacteristic rumble. Both partners compensated with *lively imagination; but one* ought to counsel Varcoe against constrained High Art breathiness, which is unlikely to have been what these composers expected even in their most elevated songs. He must have some honest pop-loving friends who might comment on that refined style of address — and he should be prepared to bite his lip.

David Murray

ARTS GUIDE

May 12-18

THEATRE

London

Hamlet (Olivier). This picturesque Renaissance revival by Richard Eyre for the National Theatre is a disappointment, although Daniel Day-Lewis may improve in the role with time. Judi Dench is a muted Gertrude, Michael Bryant a superbly busy and dangerous Polonius. Fullish text, but no emotional or intellectual fire. May 16-18, May 25-June 1 (928 2252).

The Black Prince (Aldwych). *Ian McDiarmid gives the perfor*mance of a lifetime in Iris Murdoch's distillation of her own Hamlet novel. Witty black farce, vitriolic and entertaining (836 6404).

The Tempest (Barbican). Magisterial RSC revival directed by Hytner, with John Wood returning in triumph as the most complete Prospero of our age. Refreshingly unlike mainstream RSC work of late. May 18-27 (638 8891).

Single Spies (Queen's). The highlight of Alan Bennett's double bill is a comic confrontation between Prunella Scales as Her Majesty the Queen and Bennett as Anthony Blunt in the royal picture gallery. Simon Callow plays Guy Burgess in a re-hash of Bennett's fine TV film, An Englishman Abroad (734 1166).

M. Butterfly (Shaftesbury). Anthony Hopkins as the tortured diplomatic hero in a Peter Shaffer-style "spectacle of ideas" dressed up in John Dexter's superb production as a metaphor of homosexual life. The transvestite tragedy proves less electrifying than in New York; the play is not very good but still worth seeing (379 5399).

A Walk in the Woods (Comedy). Alec Guinness and Edward Herrmann in feeble off-duty arms negotiation encounter by Lee Blessing. Guinness, back on the London stage after 10 years, is in subtle virtuoso form as the Soviet veteran of tactical stone-walling and no-dealing tricks (930 2578, cc 839 1438).

Brigadoon (Victoria Palace). 1947 Lerner and Loewe "heather-scented" Scottish fairy tale hit is handsomely revived and well sung, less frail than expected (834 1317, cc 836 2428).

The Vortex (Garrick). Maria Aitken and Rupert Everett in brilliant reappraisal by Philip Prowse of Noel Coward's 1924 study of drug addiction and mother fixation. Mannered, excessive, beautifully costumed (379 6107, cc 741 9999).

Henceforward (Vaudeville). Ian McKellen and Jane Asher in bleakly funny and experimental Alan Ayckbourn comedy of future shock and strained marriage. A tale of obsession, devotion, computer music, women as robots, gangs on the streets and a tug-of-love (836 9987, cc 741 9999).

Aspects of Love (Prince of Wales). Andrew Lloyd Webber's latest is an intimate chamber operetta derived from David Garnett's 1955 novella. Musically interesting and well directed by Trevor Nunn, a cast of unknowns project the right sense of sybaritic insouciance. A probable, but unspectacular, hit (839 5972).

Icecream (Royal Court). Caryl Churchill's new play is a dense 70-minute meditation on a transatlantic misalliance between two Americans and their distant English relatives. An intriguingly murderous exercise in style, directed by Max Stafford-Clark (730 1745).

King Lear (Old Vic). Eric Porter in titanic and lyrical form in Jonathan Miller's production. Paul Rogers is Gloucester, Gemma Jones and Frances de la Tour are Goneril and Regan. The lighting has been described as either a murky or calculated sop to 17th-century Tenebrist painting (928 7616, cc 261 1821).

Ivanov (Strand). Alan Bates and *Felicity Kendal lead a new ad* hoc classical company in Chekhov's first play, translated by Ronald Harwood, directed by Elijah Moshinsky. Bates interestingly renders the critical suicide a Simon Gray character (836 1660).

New York

Heidi Chronicles (Plymouth). Wendy Wasserstein's award-winning drama covering 20 years in the life of a successful American baby boomer goes from support for Eugene McCarthy's presidential aspirations to electoral ambitions in the 1980s, accompanied by the music and atmosphere of the period (239 6200).

Lend Me a Tenor (Royale). A sprucing up in the set of a decaying town's big time opera ambitions makes a transatlantic hit of this farce, first produced in London, but now with a local cast led by Philip Bosco and Victor Garber (239 6200).

Shirley Valentine (Booth). Pauline Collins brings her West End triumph to Broadway in Willy Russell's amusing and touching story of a Liverpool woman's awakening in the Aegean Sea. Simon Callow again directs without smoothing any of the Northern English edges that retain an authentic touch.

Jerome Robbins' Broadway (Imperial). Anyone attracted by the notion of three hours of film trailer previews will adore this compendium of Robbins' directed and choreographed plays of the past 40 years, including On the Town, West Side Story and Gypsy. The lustre of the credits is dimmed by the brevity of each piece, with a contemporary crew of Broadway aspirants who lack the multi-talents that inspired the heyday of the musical.

Rumours (Broadhurst). Neil Simon's latest comedy is a self-conscious farce, with numerous slamming doors and lots of mugging but hollow humour that misses as often as it hits. Christine Baranski leads an ebullient cast in the inevitable but disappointing hit.

Cats (Winter Garden). Still a sell-out, Trevor Nunn's production of T.S. Eliot's children's poetry set to music is visually startling and choreographically feline (239 6262).

A Chorus Line (Shubert). The longest-running musical in the US has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its back-stage story in which the songs are used as auditions rather than emotions (239 6200).

Les Misérables (Broadway). The magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama (239 6200).

Me and My Girl (Marquis). Even if the plot turns on ironic mimicry of Pygmalion, this is no classic, with forgettable songs and dated leadenness in a stage full of characters. It has nevertheless proved to be a durable Broadway hit (947 0033).

Phantom of the Opera (Majestic). Stuffed with Maria Bjornson's gilded sets, Phantom rocks with Andrew Lloyd Webber's haunting melodies in this mega-transfer from London (239 6200).

Washington

American Juke Box (Ford's). Music from the 1950s and 1960s is performed by a dozen-strong ensemble directed and choreographed by Edward Love. Ends May 28.

Sophisticated Ladies (Kennedy Center Opera House). The first Soviet-American co-production of a Broadway musical features an energetic cast dancing and singing to a Duke Ellington score highlighted by Satin Doll and Take the A Train. Ends May 27 (254 3770).

Chicago

Speed of Darkness (Goodman). The world premiere of Steve Tesich's domestic drama involves the reunion of Vietnam veterans and the havoc it wreaks on a successful South Dakota family. Robert Falls directs. Ends May 20 (443 3800).

Driving Miss Daisy (Briar Street). The touching relationship between a dowager, played in this production by Dorothy Loudon, and her black chauffeur exposes the changes in the South over the past decades (348 4000).

Steel Magnolias (Royal George). Ann Francis and Marcia Rodd play the leads in this view of southern life from under the dryers in a busy hairdressing establishment (988 9000).

Tokyo

Kabuki. Kabuki-za Theatre (541 3131). The main work in the matinee programme (11 am) is often known as the Women's Chushingura, because of its resemblance to the famous story of the vendetta of the 47 loyal samurai. One of the pieces in the evening *programme at 4.30 pm, Sesshu* Gappo ga Tsuji (Gappo and his daughter Tsuji), was banned as late as 1937 for its immorality.

Bunraku. National Theatre (265 7411). Sugawara Denju Tenarai Kagami (The Secret of Sugawara's Calligraphy) is one of the great 18th-century masterpieces of Japan's sophisticated puppet theatre. The play is performed in two parts (at 11.30 am and 4.30 pm). Both kabuki and bunraku performances have earphone commentary and programme notes in English.

The Cherry Orchard (in English). Ginza Saison Theatre (535 0555). Peter Brook's widely acclaimed production was first seen in Jean Claude Carriere's French translation in Paris and later in English in New York. The cast includes Brook's wife Natasha Parry as Ranevskaya, as well as Arthur Miller and Norman Mailer's daughters. A family show!

The Phantom of the Opera. Nissei Theatre (045 903 5701). This excellent production (in Japanese) is a carbon copy of the London original.

SALEROOM

Ceramic record shattered

The world auction record price for a Chinese ceramic was broken yesterday in Hong Kong, only to be shattered again two hours later. The first came in Sotheby's spectacularly successful sale of the Ming and Qing wares acquired on behalf of the British Rail Pension Fund. Half of the Fund's collection of Chinese works of art was on offer, acquired between 1974 and 1980 for £1.6m. The 101-lot sale realised HK$150,067,500 or £11,779,238, the highest total ever for any single session of Chinese art, and more than double Sotheby's high estimate.

BR's investment in Ming and Qing has proved second only to its Impressionist and modern pictures which was sold in April, and to its less valuable collection of English silver. The Chinese ceramics have yielded a net cash rate of return of 15.4 per cent per annum, or 7.1 per cent in real terms after inflation.

Top lot and first record, was a Hongwu basin decorated in underglaze red with scrolling peonies and naturalistic leaves. Only one other similarly decorated copper-red basin of this group is recorded, and this may account for the HK$20,350,000 (£1,597,331) the Japanese dealer was prepared to pay for it. Another Ming underglaze red decorated piece, a finely potted pear-shaped ewer, also went to the Japanese trade for HK$8.8m ($698,738).

Another rarity was a Yongle period blue and white bowl from the famed collection of George Eumorfopoulos. It was estimated at around HK$4m, soared to HK$13.2m (£1,036,107), and was again secured by Japan.

The greatest surprise of the session was the HK$10,450,000 or £820,251, over ten times the estimate, paid by a Hong Kong collector for a boldly painted famille-verte bowl, its exterior decorated in enamels with a bird perching on a branch bearing heavy red fruit. Once it had belonged to Barbara Hutton.

Unusually, it was the Japanese not the Chinese who dominated bidding for the major lots of the sale. Their interest in Qing porcelain, not a traditional area of collecting, first became apparent a year ago.

No prize for guessing the star attraction — and record — of the afternoon's general sale. What we are informed is an extremely rare guanyao brush-washer made HK$22m (£1,726,845). It went to a Los Angeles collector buying under the name of Sunrider International. The two sessions totalled HK$69m, with 4.8 per cent unsold.

Susan Moore

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Wednesday May 17 1989

Britain's role in Europe

THE COUNCIL of Ministers of the European Community – health ministers in this particular instance – decided yesterday by 11 votes to one to adopt a minimum standard for health warnings to be printed on packets of cigarettes offered for sale in Community countries. It was the UK which found itself in a minority of one.

At Westminster the air is full of ministerial grumbles that the Commission is using the preparation of the Single Market as an excuse to poke its regulatory, interventionist fingers into matters that lie outside its competence; and dark hints that the British Government will soon have to stop the rot by challenging one of these *meddlesome new directives* in the European Court.

These events conspire once again to reinforce a popular British stereotype of the Community as a monolithic interventionist bureaucracy, against which the British Government fights a lone battle to defend freedom and common sense. The most assiduous propagator of this stereotype is, of course, the Prime Minister, with her endless warnings that she will not permit the construction of a "socialist superstate."

Didactic powers

She would perform a better service, to Britain as well as the Community, if she used her didactic powers to remind the British public of certain relevant facts, such as:

- The Commission employs a much smaller staff than most British Government departments
- It is an executive body, not a legislative one; in other words it has to try to enforce the rules, but cannot make them up on its own authority
- Any decision involving a major inroad on national sovereignty has to be taken unanimously
- Where decisions can be taken by majority vote it is in virtue of the Single European Act, which she herself signed and the British parliament endorsed
- Both the Commission and the Council of Ministers have non-Socialist majorities, and even some of the so-called Socialists are nowadays keen believers in deregulation and free competition.

In short, the likelihood of the Community turning into a socialist superstate is very remote, and the British Government would not be short of allies in the struggle to prevent it.

Strong personality

The fact that the President of the Commission is a Socialist, and a strong personality with ambitions to give the Community greater coherence, has helped to obscure the fact that many of the Commission's initiatives go in what Mrs Thatcher would consider an anti-socialist direction. Sometimes it has saved her from an unsuspected socialist demon in herself masquerading as a defender of national interest, as when it prevented her from *featherbedding British Aerospace.*

Sometimes she has kept quiet while other governments complain bitterly that it is exceeding its powers, for instance with its directive opening up the telecommunications services market. And at yet other times, in fact now, the Commission is obliging her to live up to her own newly proclaimed green principles, by insisting that British water, even if privatised, must be brought up to EC standards of purity.

Of course the Community is not perfect. Many of its rules and institutions do bear traces of the old-style continental dirigisme. But liberal forces within it have been gaining ground and can continue to do so. Ironically their greatest difficulty at present is that Britain has become such an embarrassing ally, precisely because of the Prime Minister's tendency to treat every issue as if it were a test of British sovereignty, sometimes rejecting even ideas of obvious benefit to Britain (such as the Lingua programme for language-teaching in secondary schools) simply because of their Community origin.

Many people in Britain, including many Conservatives, clearly sense that this is not the way to strengthen Britain's position in Europe; still less the way to strengthen Europe itself at a time when changes in East-West relations offer both opportunities and challenges to the post-war political structure of the Continent. Some are even wondering whether it offers a good platform for the Conservative Party in a European election campaign.

A strategy for wage bargaining

THE EMERGENCE of industrial disputes in the public and private sectors, from broadcasting to the docks, once again raises questions about the effectiveness of the British system of collective bargaining.

While the tightness of the labour market is an important factor behind the current disputes, some of them also reflect the determination of management to use collective bargaining as a means of achieving strategic business objectives. It is no longer primarily a haggle over an annual pay claim. National and local negotiating committees are being asked to consider complex reforms to the organisation of work and production.

Centralised national negotiations over such changes have often been inhibited by a lack of strategic thinking on the part of unions. Yet the fault does not always lie on the union side. During six years of national talks in the engineering industry over a reduction in the working week in *exchange for more flexible* working practices, the AEU engineering union has taken the initiative on several occasions.

This year it proposed a two-year agreement which would have allowed for changes in working practices in exchange for a two-hour cut in weekly hours to 37 hours. It was a rare example of a union having the confidence to respond constructively to employers' proposals to make the industry more efficient, without losing sight of its own objectives.

'Big Bang' sweep

Centralised national negotiations can also encourage managers to propose a "big bang" which sweeps away old demarcation lines and pay structures in one fell swoop, when change may be better pursued in a more sustained but gradual way through local talks.

Indeed several of the current disputes involve planned changes to collective bargain*ing designed to overcome* these deficiencies, mainly by moving away from centralised national bargaining. Such a shift is planned at British Rail and is *being considered in the universities*, the docks, and the electricity supply industry.

National bargaining often encourages a very ritualistic, formal approach. Yet decentralised bargaining is not a cure all, and it can create its own problems. A move towards decentralised pay bargaining in the private sector has if anything made it more difficult to control pay drift. It can put greater strain on both managers and local union officials who often lack the resources *and expertise to deal with* major industrial relations issues alongside their other responsibilities.

Greater flexibility

Other reforms to collective bargaining may be just as important as decentralisation. A paper published by the TUC recently suggested unions and employers would gain from establishing single-table bargaining, to bring together blue and white-collar unions in one forum. This would make it easier to discuss strategic issues affecting the whole workforce and to introduce more flexibility between blue- and white-collar workers. It would improve competitiveness by making bargaining at established multi-union plants *almost as simple as procedures* at greenfield sites with single-union agreements.

Unions are wary of such changes but so are managers who often prefer a policy of divide-and-rule. Decentralisation may give managers greater power, but it will not necessarily lead to more efficient collective bargaining. It may sanction local, ad hoc solutions to short term problems such as recruitment and retention rather than strategic approaches to long term issues such as training.

Detailed national negotiations over pay, hours and working practices are too cumbersome for many industries. But they can provide an agreed overall framework for talks at *local level. In the rush to* decentralise, companies should not lose sight of the need for local flexibility to be matched by an overall strategy.

Roderick Oram, Philip Rawstorne and Nikki Tait look at WPP's takeover of the Ogilvy Group

How David Ogilvy ate his words

MR David Ogilvy probably had no personal taste for some of the food products he pushed during his long and distinguished career on Madison Avenue. But, in all likelihood, he never learnt to swallow anything as quickly as he did yesterday's $864m (£445m) takeover of the agency he founded 41 years ago.

When he first heard a fortnight ago that WPP, the UK-based marketing services group Mr Martin Sorrell has built in four frantic years, wanted to buy his life's work, the deal stuck in his craw. Selling Ogilvy Group would be like selling an only child into slavery, he said.

Shareholders had no chance to enjoy yesterday a description of the learning experience that followed. Uncharacteristically silent and declining press interviews, Mr Ogilvy sat in the audience at yesterday's annual general meeting as Mr Ken Roman, the group's chairman, extolled the virtues of the takeover.

Mr Ogilvy first met Mr Sorrell – whom two weeks before he had called (in the expurgated version) an "odious little jerk" – at dinner on Sunday night at Mr Roman's New York apartment. It was just the three of them. Those on Madison Avenue who have long dismissed Mr Sorrell as a financial man who knew little about advertising should have heard his pitch to one of the legendary pitchmen.

Mr Sorrell was discreet yesterday about his exact message, but he apparently stressed the benefits WPP could gain from Mr Ogilvy's undimmed talents. Even though Mr Ogilvy spends much of his time these days in a 12th century chateau south-west of Paris, he still sends, as he put it recently, "an endless stream of maddening messages" to Ogilvy's management in his capacity as honorary chairman.

"David's impact on the board is volcanic from time to time. He contributes to the ethos and standards of the organisation," said Mr Roman. "I can't wait to see the first WPP board meeting."

Mr Ogilvy "will be immensely valuable to WPP in terms of advice and counsel" as its new non-executive chairman, Mr Sorrell said in an interview yesterday. "No doubt he will pepper us with memos."

Together they will have their work cut out to achieve the benefits Mr Sorrell believes will flow from the merger. "We've got to get it right and that will be a long hard job."

Mr Sorrell said the purchase of Ogilvy completes his quest to build "the finest advertising agency in the world." He adds: "It's not a question of size but of quality."

The first big building block was the hostile $566m takeover in 1987 of JWT Group, parent of the J. Walter Thompson agency. It took months of struggle to turn round the flagging group, and some major clients defected, but eventually Mr Sorrell won Wall Street's admiration and more respect on Madison Avenue.

WPP eagerly wants Ogilvy because it is quite different in character and strengths from JWT – though they are two of the most valuable names in the business. As Mr Burton Manning, JWT's chief executive, told a press conference yesterday, manufacturing companies have been buying competing brands for years to build market power. This deal "improves WPP's chances of succeeding in the marketplace."

None the less, the wide-ranging provisions on autonomy which Mr Roman won from Mr Sorrell means that JWT and Ogilvy will compete fiercely. Though Ogilvy and JWT share several major worldwide accounts, including Ford, Philips, Unilever and Mattel, they also service many competing brands in the food, confectionery, drinks, insurance, and oil industries. Mr Sorrell said he hoped the merger would, if anything, increase the two agencies' rivalry.

"I look forward to beating his (Mr Roman's) brains out in the next competition," Mr Manning said. Mr Roman said there was less client overlap between Ogilvy and WPP than any other potential new owner.

Even if size was not Mr Sorrell's goal, it is an indisputable fact of WPP's new life. Last year WPP was third in the worldwide advertising industry with billings of $7.82bn and revenues of $1.17bn. Ogilvy was fifth with $5.7bn and $838m respectively. Together they will vie for world leadership with Saatchi & Saatchi, the UK group that triggered the trend to mega-agencies with a takeover binge earlier this decade.

The Saatchi story has turned sour recently: its forecast of lower profits this year has fulfilled market fears that bigness brings plenty of management problems with no guarantees of collective power.

Mr Sorrell declined to comment yesterday on comparisons between WPP and his former employers, the Saatchis, saying only: "We're very different in quality and quantity. We're much more narrowly focused," with Saatchi, for example, far more deeply involved in consulting services.

He argues that agencies need to be big and global to serve clients facing trends such as takeovers and concentration of media outlets. Moreover the clients themselves are subject to consolidation within their own industries.

Clients do not share this view: few see any benefits for them in the increasing consolidation of the advertising industry. Several major Ogilvy & Mather clients registered their hostility to a WPP takeover last week in a survey by the US trade magazine, Advertising Age, which suggested that Ogilvy might lose billings of up to $500m – a tenth of its business – if the takeover went ahead.

Mr Edgar Bronfman Jr, Seagram's US executive vice-president, said: "There is nothing in it for the client; it's a heavily leveraged deal and that expense will not be made up in increased client service."

But though clients may not like mergers, what will count in the end is the quality of advertising they get. In the UK, Mr Michael Heath, executive director responsible for marketing at Eagle Star Insurance, an Ogilvy account, yesterday criticised "agency moguls" who believed clients would merely sit on the sidelines while an agency's cash flow was bought and sold. But he said that Eagle Star would remain an Ogilvy client if the agency "satisfies us that it can continue to look after us properly." And Beecham, the pharmaceutical and consumer products group, said it would stay with Ogilvy, which handles its advertising in a score of countries.

None the less, with the two agencies continuing to work at arms length, analysts are sceptical about how much benefit will accrue to WPP from combined ownership of JWT and Ogilvy. They believe the merger of WPP and Ogilvy can only benefit both parties if their managements successfully tread the delicate line between separation and co-operation. Mr Sorrell began to learn that lesson last year with defection of six senior executives at Lord Geller Federico and Einstein, a "boutique" subsidiary of JWT, who bridled at his attempts to manage them.

Mr Sorrell says he hopes to use the two agencies' combined strengths to develop WPP's advertising business outside the US and its "non-media advertising" operations such as marketing and public relations around the world. Both JWT and Ogilvy are strong in advertising in the US and the UK. Elsewhere, Ogilvy is strong in continental Europe and south-east Asia while JWT is strong in Japan and south America. Similarly, Ogilvy has a well-respected financial public relations agency, Adams and Rinehart, in the US (WPP's PR subsidiary is Hill & Knowlton) and is the "strongest company outside the US" in sales promotion.

On the financial side, Mr Sorrell's medium-term goal is to bring Ogilvy's performance up to the US industry average of around 10 per cent pre-tax return on revenues. Longer term he hopes to do better than that.

Though JWT was a tricky problem to sort out, it did at least have lots of scope for cost cutting and enhanced profitability. Ogilvy is a different matter. Mr Roman and his management team have already done a lot on those scores although the effect has yet to show in results. Both he and Mr Sorrell have pledged not to axe any weak parts of Ogilvy, making their job harder.

Mr Sorrell says Ogilvy group is just as committed as WPP to financial performance. "Our motto is financial success through professional excellence. They believe professional excellence will bring financial success."

In outlining the three main benefits of the merger, Mr Roman listed financial *discipline first* as the key to putting maximum resources into an agency's creative efforts. The second benefit was tactical with, for example, WPP and Ogilvy having even greater media buying power. Third, "advertising does not solve all a client's problems so we are expanding into direct marketing, public relations" and other such services.

Mr Roman's conversion to these benefits was almost as impressive as that of Mr Ogilvy. When WPP first approached him, he declared the idea of a takeover was a "sales pitch . . . (with) serious flaws in business logic." Over the past two weeks Ogilvy and its financial advisers struggled to find a white knight in the form of some other agency or to muster the money for a management buyout.

They were unable to find anyone willing to match WPP's price and they *realised they could not beat WPP with* a debt-heavy buyout. Negotiation with Mr Sorrell was the only course. Mr Roman worked the price up from $50 to $54 a share and won guarantees of "autonomy and continuity."

In London, reaction to Mr Sorrell's swift coup could best be described as *mixed*. The details of the financing – a £214m rights issue of convertible preference shares plus loan facilities of up to $630m to fund the offer and refinance WPP term loans, and another $280m for working capital – were broadly in line with what the market had been led to expect. What, perhaps, it had not expected were the generous terms on the convertible shares, which give a yield of 11 per cent gross at the issue price, and an additional warrant issue "sweetener."

Those features – coupled with the final dispelling of any fears of a straight rights issue or the prospect of a lengthy, damaging bid battle – pushed WPP shares up to 652p, up 38p on the day. This is a substantial improvement on the 591p which they hit a week ago, but still well below the 760p-plus at which they were trading in March on the back of WPP's latest results.

Most observers expect the acquisition to be mildly dilutive (from previously expected earnings levels) both in 1989 and 1990, with the effect more noticeable in 1990. Yesterday, stockbrokers James Capel were suggesting that earnings for the combined group might run out at about 7 per cent below previously forecast levels, despite assuming an improvement in Ogilvy's margins to 12 per cent. Other analysts concur, putting the reduction in the 5 per cent to 10 per cent range.

There are also balance sheet considerations. Yesterday, WPP's UK merchant bankers, Samuel Montagu, were suggesting that total net debt of $360m (compared with around £31.7m at end 1988) might sit besides shareholders' funds of £275m.

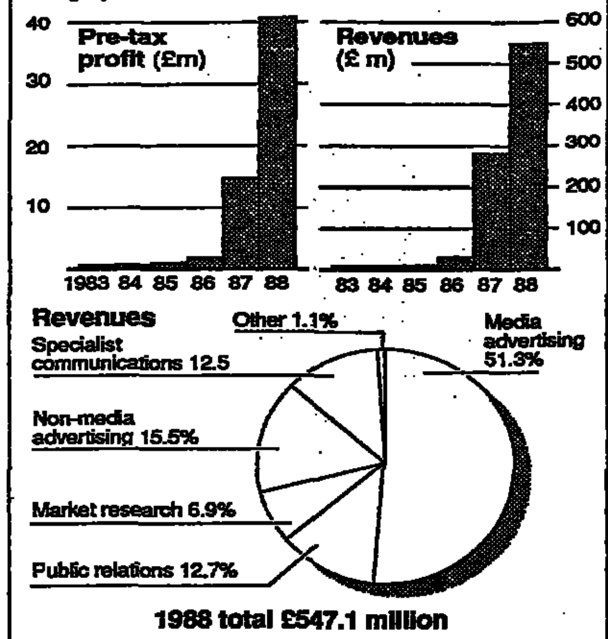
That shareholders' funds figure, however, includes £476m of goodwill in respect of Ogilvy. It also benefits from an expected £175m "brand" valuation in respect of the J. Walter Thompson and Hill Knowlton names – two WPP subsidiaries acquired as part of JWT Group. Details of the brand valuation still await publication in WPP's 1988 annual report.

In the light of the latest deal, it is probably not fanciful to imagine the same treatment being extended to the Ogilvy names. However, whether such valuations will cut much ice in the City is another matter. Asked about this yesterday, one leading analyst commented: "Tell us another."

WPP will argue that the benefits of cross-referral of business between the various components of the group will show up over the next few years. But, as one analyst put it: "The case has yet to be proved whether, longer-term, this is beneficial." Even allowing for Mr Ogilvy's memos and Mr Sorrell's management skills, the ultimate success of the merger will depend on the results achieved in this as yet uncharted area.

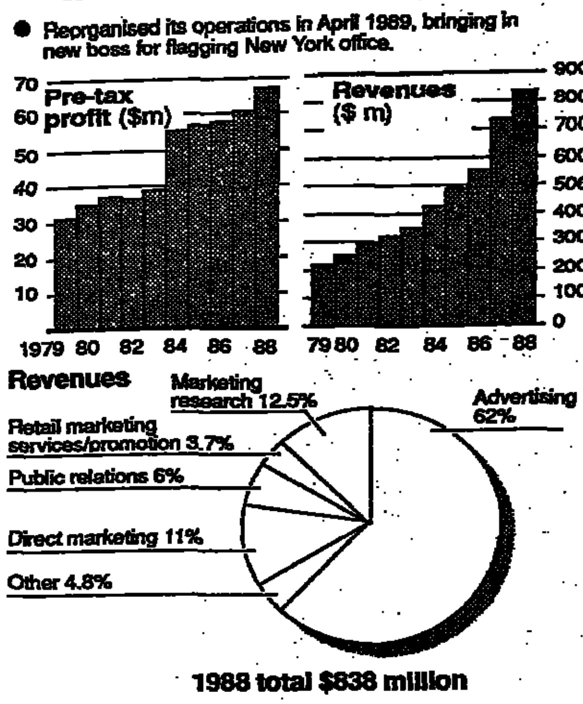
WPP Group

- Chief executive: Martin Sorrell, who took control in 1985, *intending to use it as a vehicle for acquisitions.*
- Acquired JWT Group, parent of J Walter Thompson, for $566m in 1987. Group margins raised from 7.5% (end 1987) to 9.5% (end 1988).
- Claims 12.5% of all new business comes from cross referrals within group.
- JWT's biggest client: Ford, with £250m in billings worldwide. *Group billings in 1988: £7,700m, up from £6,000m in 1987.*
- Combined, WPP and Ogilvy would have billings of $13.5bn, slightly less than Saatchi & Saatchi.



Ogilvy Group

- Chairman and Chief Executive: Kenneth Roman.
- Founded in 1948 by David Ogilvy.
- Best known early campaign: "At 60 miles an hour the loudest noise in the new Rolls-Royce comes from the electric clock."
- Biggest clients: Unilever: £250m in billings; Ford £150m.
- Reorganised its operations in April 1989, bringing in new boss for flagging New York office.



OBSERVER

Newcastle's pride

■ Newcastle United may have been relegated to the second division; the local stockbrokers, however, are up with the best. Wise Speke, founded in Newcastle in 1905, was beaten only by Cazenove in the 1988 awards of the Securities Industry diplomas.

For the record, Cazenove picked up seven. Wise Speke took five, the same number as CL-Alexanders Laing and Cruickshank and James Capel. Kleinworts won four. There have been 130 diplomas since the new professional examinations were launched two years ago.

Michael Lyons, the director of training at Wise Speke, says that his firm is happy to be in the same sort of company as Cazenove. "After all, we *both specialise in private client* business." But he claims that Wise Speke has a higher pass rate, especially in its Newcastle base.

Lyons also says – music to Mrs Thatcher's ears – that business in the north-east region is picking up very quickly indeed. Wise Speke has local offices in Middlesborough and Leeds.

A London office was established at the end of the 1970s. A couple of years ago, the firm was taken over by the Sturge Group which, according to Lyons, gave it financial backing, but leaves it alone.

Incidentally, the Securities Industry allows private entries for its diplomas. An official from the Ministry of Defence has passed with flying colours.

Halifax hole

■ If you have anything to do with the Halifax Building Society, do not go to the branch at St Mary Axe in the City. It has become a hole in the ground.

The Halifax is very sorry about this. Ian McBain, who was the manager there, says that he has been trying to tell people for some months. One of the problems was that a lot of people used it without having accounts at the branch. They were people in the City who found it more convenient than their local office. There was no record at St Mary Axe of who they were, so they could not be informed when the Halifax decided to move.

Still, McBain did his best. About six weeks before the move, he put up notices announcing the departure. When the Halifax moved on, stickers were left on the windows explaining where it had gone. Almost immediately, however, the development company boarded up the windows.

Halifax then tried stickers on the rest of the building. Then the building was vandalised. Now it has been pulled down altogether; hence the hole in the ground.

McBain is still seeking to put up stickers on the hoardings nearby, but needs to obtain permission from the developers and says he has so far been unable to establish who they are.

For your information, the Halifax branch that used to be at 6 St Mary Axe has moved to 62-64 Cornhill.

"Apparently it's far more dangerous in the rest of the EC."

Up market

■ The long bull market on the Taiwan stock exchange has had its knock-on effect. The name of the Millionaires Nightclub, a frequent haunt of the investment community and whose owners have done very well out of the boom, has been changed to – you've guessed it – the Billionaires Nightclub.

Dial a share

■ A new telephone share service opened yesterday – or at least opened to subscriptions. What you get so far if you dial 01-971 0007, is a demonstration only. What you should get in future is rather a lot of up-to-the-minute information on particular shares.

Shareholder Update, as the new service is called, invites companies to submit as much data as they like which will be available on an exclusive 01 telephone number at any hour of the day or night all through the year.

The attraction of the scheme, says Grant Wilkinson, the managing director of Telephone Information Services, is the 01 number, which makes it cheaper. Other share services use the more expensive 0898 or 0836 network.

How will the new service compete with the Financial Times service? "We're a minnow, and you're a whale," says Wilkinson graciously. But he *thinks there* is room in the market for competition and has received encouragement for the venture from, among others, the Institute of Directors and the Wider Share Ownership Council. It will take about a year to see how successful it is, he adds.

Wilkinson's existing stable of telephone services includes Weathercall, Racecall, Skicall and Cricketcall.

Public order

■ In the long-running saga of Lonrho and the House of Fraser, readers may recall (or perhaps not) that Lonrho sought an injunction to prevent the House of Fraser speaking at the Lonrho annual general meeting last March. The attempt was overturned in the High Court.

Royston Webb, the legal director at House of Fraser, continued his inquiries, however, into why Lonrho had behaved as it did. He wrote a series of letters about the matter to Andrew Hugh Smith, the Chairman of the Stock Exchange.

Hugh Smith has now given the definitive answer. Lonrho, he replied, had never objected to answering questions from House of Fraser, but wanted to do it in writing. It sought the injunction in order to have a "calming effect" on the AGM. In other words, it was all in the interests of public order. "I suspect that Lonrho's actions were more a reflection of its special relationship with your company than of its attitude to shareholders generally," he writes. And that seems to be it. Or so Hugh Smith must hope.

Old LBJ

■ *It is, I suppose, just possible* that the Organisation of American states will come to the aid of President Bush in deciding what to do about Panama at its meeting today. But one cannot help recalling what Lyndon Johnson said about that Organisation some years ago. "The OAS," he grunted, "couldn't pour — out of a boot, even if the instructions were written on the heel."

A.H. Hermann on the contradictions of the European Community's legal system

Trying to keep the EC together

When the UK joined the European Community in 1972, Parliament gave the European Court a power it had for centuries denied to UK judges: the authority to strike down statutory and common law rules.

The yardstick to be applied is compatibility with the Community Treaties. And not only with the treaties: the supremacy of EC law extends also to secondary legislation proposed by the EC Commission and adopted by the Council of Ministers in secret proceedings, sometimes only by a majority vote. Most of such legislation is never debated in national parliaments and does not require their approval.

Arguably, this far-reaching abdication of national lawmaking by the member states can only work well if there is common understanding of the overall aims of the supranational organisation and if its judicial branch is *sufficiently* decentralised to take into account regional conditions and needs. The US is an example of such a flexible and decentralised system.

By contrast, the European Community follows the French model of a strong and legalistic centre. The law of the treaties and of secondary EC legislation is interpreted and further developed by a single European Court. "Its true function," said Lord Donaldson, the Master of the Rolls, earlier this year, "is actually to make new law by the application of principle to specific situations."

Taking its cue from the US, where the Supreme Court forged the loose federation of former colonies into a real Union, the European Court has consistently given the EEC Treaty a radically integrationist meaning. It will be able to go much further in this direction when called upon to interpret the Single European Act.

Most of the provisions of this amendment of the Treaty of Rome are fudged to accommodate the often contradictory aspirations of the member states. The provisions of the Single Act can be given so many different and contradictory meanings that an Austrian observer likened it to a kaleidoscope: the image changes whenever you shake it.

The kaleidoscopic nature of the Single Act will give the Court an even greater freedom than it always took with legislative texts. Though judges everywhere have their historically conditioned social and moral bias, the Luxembourg judges give their bias a free rein by adopting a unique method of interpretation: they do not hesitate, whenever it suits their purpose, to derogate special provisions of the Treaty of Rome by giving greater weight to its introductory articles stating the aims of the Community in general terms.

This flouts the fundamental rule of interpretation – that specific laws override general ones. It creates a real danger that the resulting "law" will be unable to hold together when pulled in different directions by the different historical expectations of the member states.

In France and Germany, for example, customs unions were a mere preliminary to the establishment of effective central governments by Louis XIV and Bismarck. Most British public opinion, by contrast, sees the attainment of a working customs union as an end in itself.

Differing attitudes to agriculture and trade also have deep historical roots. In the UK the repeal of the corn laws in the 19th century enabled imports of cheap food which helped the Industrial Revolution: both factors contributed to Britain's vital interest in free trade and the free movement of capital. By contrast, in many Continental countries industrialisation began under the protection of Napoleon's blockade against British goods.

More recently, the fiercely protectionist policies of the 1930s led to price fixing and market sharing by quotas and cartels. Many such cartels survive to this day, some as Community institutions. The EC's Common Agricultural Policy (CAP) is a continuation of the state monopolies created in the 1930s by the powerful agrarian parties of continental Europe to keep prices well above the world market level.

Such policies are not only anti-competitive, protectionist and *dirigiste*; they also destabilise law and order in member states by generating fraud on such a massive scale that it throws the Community budget out of gear. No amount of policing could provide a remedy – only the adoption of an effective market could do that.

After its historical success in removing customs tariffs, the Community seems to have shot itself in the foot by evolving counter-productive legal rules and unnecessary harmonisation:

● Attacking the compartmentalisation of national markets by means of patents, trade marks and copyright, the Commission and the Court extended the impact of Articles 30 to 36 of the EEC Treaty far beyond their original purpose. This hampered many worthwhile transfers of technology and distribution agreements.

● Similarly, the attempts in the 1970s to harmonise national health and safety standards caused much irritation without having any great positive results. A change in legal policy, however, signalled by the *Cassis de Dijon* case – opening the frontiers to products satisfying health and safety rules of the producing country – heralded a new and more promising approach. Harmonisation of company law was successful only as long it did not touch the real differences in management methods and industrial relations between different economies.

● No less regrettable is the fact that the Commission and the Court interpret the competition rules so as to hit all sorts of vertical agreements which are in most cases pro-competitive. Distributorships, franchising and knowhow licensing have been thus subjected to onerous and mostly quite unnecessary restrictions.

These policies put tens of thousands of perfectly innocent and possibly pro-competitive agreements in the prohibited and notifiable category – a bureaucratic nonsense which is further accentuated by the Commission's ambition of enforcing single-handedly an enormous number of cases which in the US would be tackled by private antitrust actions.

An attempt to resolve this difficulty by means of block exemptions (for example for certain types of patent licensing agreements) proved an unsatisfactory solution to an unnecessary problem.

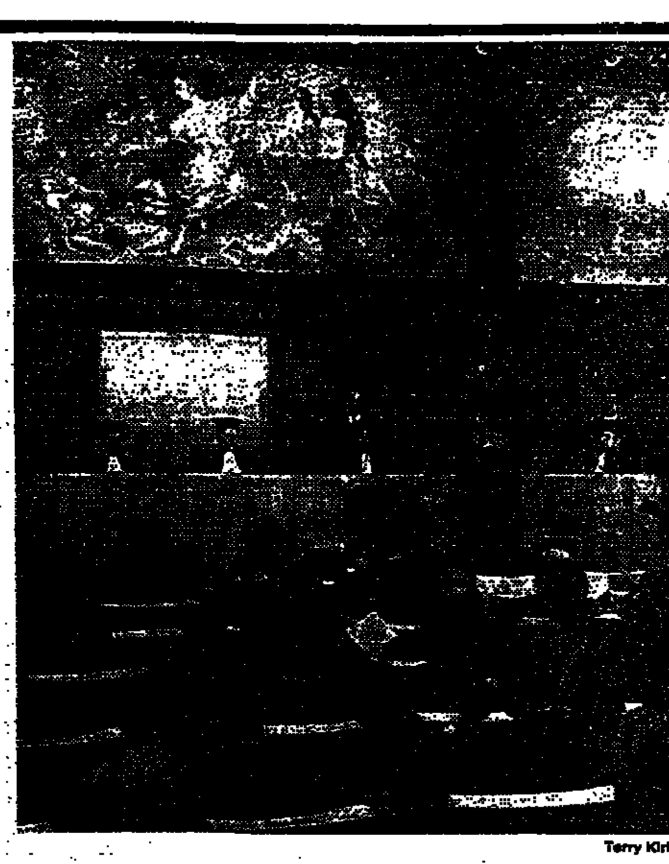
● More recently, the Commission has concentrated on the elimination of state aid to industry. This is a field full of dangers where lawyers might easily overreach themselves: the removal of tariff barriers threatens the new members of the Community – and even certain areas of its old members – with de-industrialisation. State aid may well be necessary to shield the tender industries of the less developed regions. Such subsidies may, of course, also be an instrument of unfair competition. It is hardly a lawyer's business to distinguish between the two.

Most of the legal problems which obstruct the development of the Community into a viable economic unit derive from the fact that the Commission and the Court, as now constituted, cannot shape the legal rules in a way that meets the varied needs of the 12 member States.

The Commission's intransigence and the assumption of legislative power by the Court is partly due to the frequent inability of the Council of Ministers to agree on urgent issues. It has, however, also much to do with the frustration of bureaucrats trying for the politically impossible, and with the organisation and working methods of the two institutions.

The Commission, the sole initiator of new legislation, is steered by the political *cabinets* of the Commissioners subject to no democratic control and a playground of lobbyists. The Court is closer to a constitutional tribunal than an ordinary court of law, and is intellectually dependent on the legal service of the Commission.

There is reason to fear that if these two institutions continue to use their power for doctrinaire purposes, ignoring both the regional diversity of the Community and the need it has of world-wide free trade, the vision of a European Union will be greatly compromised. Such aim can hardly be attained without first transforming the present system, rooted in the French concept of a centralised omnipotent bureaucracy, into decentralised administration, subject to political control by elected representatives and by a truly independent judiciary, both at the centre and regionally.



Terry Kirk

The European Court in Luxembourg: flashback to the official opening of the new court building in 1973

UK Social Security

Thatcherism and the elderly poor

By Raymond Nottage

When Mrs Thatcher formed her first Government, one of its earliest actions was to restrain the rate of increase of state retirement pensions, a main source of income of the nation's elderly poor.

Within barely a month of taking office the Chancellor of the Exchequer, Sir Geoffrey Howe, told the House of Commons, "Under the present rules pensions are uprated on the basis of the movement in prices or earnings, whichever is the greater. The Government have decided, however, that for the future the requirement for the statutory uprating of pensions should be based on price movements, and we shall be introducing legislation to that end."

That decision was to reverse the Wilson Government's formula which recognised that over long periods of time wages have risen more than prices, and was intended to give elderly citizens a share in the nation's increasing prosperity.

For Mrs Thatcher's first three years of office the change was of little significance. Between June 1979 and June 1982 the retail prices index and the average earnings index both rose by 47 per cent. Since then, however, the RPI has risen by at least 30 per cent while the average earnings index has risen by more than 55 per cent.

Some years ago the Government Actuary examined the effect on the National Insurance scheme of increases in earnings and prices. He stated that in April 1981 the basic pension was 21 per cent of the average weekly earnings of a male manual worker or 34 per cent for a married couple and that "If the increase in earnings over prices were to be at a rate of, for example, 2 per cent per annum in future and benefit rates were increased only in line with prices, then after 20 years these benefit rates would be about one third lower, and after 40 years more than one half lower, in relation to average earnings at the time."

Over the last six or seven years, earnings have increased by an average of 8 per cent per annum and prices by an average of less than 5 per cent per annum. This bigger differential than the one assumed by the Government Actuary must, of course, greatly hasten the day when the basic retirement pension will come to be a significantly smaller proportion of average earnings than it was in 1981.

State retirement pensions account for about three quarters of the benefits payable each year from the NI Fund. The way in which the Fund's income is managed will thus have an important effect on the scope for raising state pensions.

Two factors outside the Government's control have operated to the Fund's advantage. First, the employed work force on whom NI contributions are levied had risen during the Thatcher years, now being over 400,000 larger than it was in June 1979. Second, earnings have been buoyant – contrary to the Government's wishes – and have risen by no less than 130 per cent since 1979.

The Fund has to bear the rebates in NICs first offered as an inducement to occupational pension schemes to contract out of the Serps element in the state pension scheme, and recently extended to the new personal pension schemes. These rebates, which will now amount to £5.8bn in 1989/90 are, in effect, a gift to the next generation of pensioners from resources that would otherwise benefit those at present in need.

The most serious blow dealt the NI Fund by the present Government comes from Nigel Lawson's policy of phasing out the Treasury Supplement – the contribution to the Fund from general taxation. When Mrs Thatcher came to power this was 18 per cent of the Fund's NI contribution income, calculated before rebates allowed for contracted out employees. After reductions starting in 1983, Mr Lawson's last budget abolished the Treasury Supplement contribution to the NI Fund altogether.

The Treasury Supplement has been a long-standing element in Britain's social security system. Beveridge wrote in his famous 1942 Report: "The finance of the Plan for Social Security is based on a continuance of the tripartite scheme of contributions established in 1911. That scheme has been in force for 30 years and has won general acceptance."

The concept of an Exchequer contribution to the NI Fund was endorsed by Conservative Minister John Boyd Carpenter in his 1958 white paper Provision for Old Age – The Future Development of the National Insurance Scheme. The justification for such a contribution, he said, "rests on the fact that without it the lower paid worker cannot, even with the aid of his employer, provide himself with an adequate pension."

A continuation of the Treasury Supplement at its 1979 rate would bring the NI Fund this year about another £6bn, enough to raise the basic benefits payable from it by at least 20 per cent.

The policy of paying standard pensions under the NI scheme no doubt now needs to be questioned. Over the next 50 years a part of the elderly population will be able at least to make ends meet in conditions of modest comfort. There is bound to be, however, a large number of persons for whom the state basic pension will be their main support. Among these will be many elderly women, most of whom will be living singly and few of whom will have been members of pension schemes.

To meet this situation, targeting must be a reasonable option to examine. The question is how to carry it out. Means testing of the traditional kind – with millions of frail elderly persons undergoing detailed financial inquisition by thousands of junior civil servants – is surely much too horrible to contemplate.

Would not a better way be to increase the standard basic pension for all and to introduce a pension surtax on those who, because they also have other income, are deemed not to need the increase? The net cost might well be higher than that arising from means testing in DSS offices. But the result would be much more effective, and probably not more expensive than a prosperous and compassionate nation could afford.

The author was formerly Director General of the Royal Institute of Public Administration.

LETTERS

The US dollar's 'surprising' strength

From Ms Rosalind Altmann.

Sir, I have read with interest the many articles you have published recently, puzzling over an explanation for the "surprising strength" of the dollar. Concern about this issue amazes me: how a DM1.90 dollar can be called strong is a mystery.

To believe it, one would have to accept unquestioningly that the overshooting weakness, down to a level of about DM1.70, was the normal or equilibrium level. There is no evidence for this. Several recent studies of the correct purchasing power parity (PPP) levels find that DM1.90 represents an undervalued dollar level; clearly the foreign exchange markets are confirming this.

The dollar is only "strong" now, relative to unsustainably low levels reached after the October 1987 crash (an exceptional period for financial markets generally). But the fact that European monetary policy and economic commentary is focusing on a relationship which defies economic (PPP) evidence is a situation potentially dangerous to the stability of the world economy.

But what about global current account imbalances? These are supposed to "prove" somehow that the dollar should not rise. But again, we need to look at the facts in proper perspective – not at commentators' short term misinterpretations. The fact is that that the bilateral US trade deficit with Europe has been declining for two years or more, suggesting that the dollar is competitive at current levels. There are several important reasons for the persistence of a US current account deficit, and none of them require the dollar to fall below DM1.90 to ensure an improvement.

US industry is working at full capacity and is probably not ready to sell more goods – *regardless of price*. The leads and lags involved in international trade are very long; we must realise that it takes more than a few months for US industry (especially in the face of a strong domestic economy) to gear up to export abroad. It is a gradual process now well under way – likely to continue as long as the dollar remains undervalued on a PPP basis.

In addition, the dollar probably needs to depreciate against currencies other than the Deutsche Mark bloc and the yen, in order to help the US trade deficit further. This will be a slow process, and does not preclude the dollar rising even more against other currencies.

Let us also not forget the "black hole" of missing world trade items. It is possible that US trade is being improperly recorded, and that the US deficit is not as large as it appears. Let's face it – no one really knows what the correct value of the dollar should be, but the markets are telling us that the low levels reached last year were too low and recovery is required. Perhaps we should take more notice – before monetary authorities change policy in reaction to the wrong signals, and plunge us back into recession.

R.M. Altmann,
9 Fairholme Close, N3

Political bias at public cost

From Mr Toby Eckersley.

Sir, While the Labour Party relies on Greenwich ratepayers to bear the financial risk of its political campaign against the community charge leaflets, ratepayers of Labour-controlled London boroughs are powerless to challenge abuses like bias in council publications, and grant-giving policies.

Perhaps Labour's aggressive use of the law on the leaflet will spur the UK Government to introduce legislation to provide an effective means of redress by aggrieved ratepayers (and future charge-payers) in Labour-controlled local authorities.

Toby Eckersley,
Chairman, Dulwich Conservative Association,
110 Lordship lane, SE22

Use and abuse of economists in industry

From Professor David Stout.

Sir, Ralph Atkins's article (May 8) on the use and abuse of professional economists in industry has one eye shut. He takes for granted that what they must be used for is only to forecast the large-scale behaviour of economies.

As James Gleick points out in his book, Chaos – Making a New Science, any economic (or weather) forecasting, other than the most trivially short-run, is flawed by what students of chaos call "the butterfly effect." When the relation between cause and effect is not a straight-line one, even tiny perturbations can result in large later deviations from prediction. In practice, non-linearities are commonplace in economic systems, and their characteristic state is actual or incipient instability.

Some of the most useful contributions in-house economists can make to business decisions are by showing how individual markets and competitors are affected by events which are not "out there," but are at least partly within the company's own control.

In recent years one promising avenue to this has been the application of non-collusive, non zero-sum game theory to the dynamics of competition. This work has helped micro-economists better to understand the outcome of patent races, the antidotes to "poison pills," the reasons for the beginnings and ends of price wars, or the impact of an overt commitment (for example by large investment) on the conditions of market entry.

In short, it has made it possible for economists in industry to influence strategic decision-making by applying this work to the detailed, often confidential information within their own files. If economists are used for less than this, their contribution to their business is less than it should be.

Furthermore, unless companies reposition their economists and demand that they be trained to cope with disequilibrium, and to model competitive dynamics, the teaching of economics in our universities and business schools will not meet industry's needs.

David Stout,
Unilever House,
Blackfriars, EC4

EMS drags its anchor

From Mr Daniel McLaughlin.

Sir, Mr Leonard Ross's call for a D-Mark revaluation (Letters, May 12) ignores the policy malaise in the Federal Republic and the consequent weakness of the D-Mark over the past year. Commentators have focused on the withholding tax behind the market's disenchantment with the D-Mark, but the fiscal and monetary policy mix also gives cause for concern.

Monetary policy has been far too loose since 1987. The benefit of the latest rise in interest rates has been dissipated by public disagreement on whether it was necessary. And fiscal policy has moved from expansionary in 1988, to contractionary this year, and back to expansionary in 1990. Moreover, the West German Government is in trouble politically, despite Germany's strong growth performance.

All this points to a weak rather than a strong currency, and indeed, the dollar has risen by over 12 per cent against the D-Mark over the past 12 months. This also highlights an interesting policy dilemma for the other members of the European Monetary System (EMS): what happens if the "anchor" in the system breaks loose?

Traditionally high inflation EMS countries have undoubtedly benefited from the link with the D-Mark, but the Bundesbank's uncharacteristically clumsy touch on the monetary tiller has resulted in the EMS, as a block, importing inflation at broadly the same rate as Germany.

Daniel McLaughlin,
Riada & Co,
28-29 Grafton Street,
Dublin

Checked out

From Mr David Condon.

Sir, While my cheque card, with its £50 limit and expensively produced hologram, is not much use for shopping trips to our local hypermarket, the same establishment is willing to take, as a cheque guarantee, anything that has my name and address on it.

Such as the envelope the cheque card came in . . .

David Condon,
80 Frances Road,
Windsor, Berkshire

FINANCIAL TIMES
Wednesday May 17 1989

EC likely to resolve dispute over Japanese chips

By Terry Dodsworth in London

THE long-running row over the dumping of Japanese memory chips in the European Community is likely to be resolved by an agreement establishing floor prices below which manufacturers would not be able to sell their products.

Community governments are expecting to receive a proposal from the European Commission within weeks giving details of the plan. This follows extensive talks with the Japanese and with European chip producers and users since the Commission's decision last year to support dumping allegations.

Officials stress that ministers from member countries will want to examine the detailed proposals before they give approval. The main European governments are said, however, broadly to agree with the idea of extracting formal undertakings from the Japanese which would relate prices to average manufacturing costs over specific periods.

The chip action has proved particularly difficult for the Commission to handle because of the radical change in the market since the problems arose in 1985 and 1986.

At that time, a world glut in semi-conductors led to a sharp fall in prices of both dynamic random access memories (Drams) and erasible programmable read only chips (Eproms), the two products involved in the row.

Since the European action was launched, however, prices have risen sharply again through a combination of higher demand and capacity shortages.

Given these price increases, the European Commission decided not to impose sanctions which would put even more of a burden on European chip users.

At the same time, though, it wanted to find a way of recognising the injury caused to European chip producers, while preventing a similar damaging incident in the future.

Some form of protection for the European industry against "unfair" prices has become an even more sensitive issue since the launch of ambitious, government-backed growth plans by several European chip producers.

The floor price proposal has not met with universal approval. Within the Commission, the directorate in charge of anti-monopoly issues has had strong reservations about the policy, and users throughout the Community are anxious about a procedure which may prevent them from buying freely at the lowest prices in the future.

Japanese manufacturers dominate the memory chip business, in effect, deciding the price of these products.

Officials also say that European governments are particularly keen to avoid the problems that arose out of the semi-conductor trade agreement between the US and Japan three years ago.

This deal established a fair price procedure, but was followed by soaring prices and chip shortages that forced many US computer manufacturers to cut their production plans.

Some critics argue that the agreement has enabled the Japanese to operate like a cartel. "The last thing we want in Europe is to help establish cartel conditions among Japanese producers," says an official.

US chip plans, Page 18

Flak jackets and pinstripes in Beirut

Industry in Lebanon gives a whole new meaning to risk-taking, writes Lara Marlowe

AGEING industrial infrastructure, lost markets, devalued currency, labour and fuel shortages and physical danger: these are the problems of the Lebanese industrialist, and Mr Pierre Accad, the general manager of Lebanon's largest tile and prestressed concrete manufacturer, experiences most of them.

Like 75 per cent of Lebanon's 5,000 factories, Derviche Haddad is Christian-owned. Mr Accad believes that Christian General Michel Aoun's "war of liberation" against some 35,000 Syrian troops in Lebanon is as much an economic battle as military.

That is why the 41-year-old civil engineer has kept his factory running during the past two months while at least two dozen other plants have closed. On the worst days of the bombardment, Mr Accad wears a flak jacket and steel helmet to drive to work.

"The Syrians found that if they shot six or seven artillery rounds into the industrial zone in the morning, people would not come to work," he said. "I tell my employees that refusing to come to work is like a soldier who won't go to the front."

Although industry is concentrated in Christian East Beirut, most of Lebanon's manual labour has traditionally come from the poorer, Moslem areas of the country. Of Derviche Haddad's staff of 50, for example, 25 were Sunni Moslems who came south from the northern Lebanese port of Tripoli each week.

But crossing points between Christian and Moslem regions of the country have been shut since March, and Mr Accad has had to manage with only half his work force, six of whom are immigrants from India.

The labour shortage is a frequent topic of discussion at the RDCL, the principal Lebanese management association, of which Mr Accad is an active member. Some Lebanese industrialists advocate immigration from Africa and Asia to increase the labour supply. Mr Accad believes that the automation and computerisation of Lebanese industry provide a better solution.

In the course of Lebanon's 14-year-old civil war, the Lebanese pound has dropped from 2.5 to the US dollar in 1975 to as low as 700. The exchange rate is now holding at about 500, but Mr Accad believes that "dollarisation" is the only insurance against the instability of the pound.

Because it has to buy machinery in Italy and iron from Germany and must purchase diesel, gasoline, cement and gravel with dollars, Derviche Haddad has, like most Lebanese companies, converted all of its operations – except its payroll – into dollars.

At the board meeting last year, Mr Accad campaigned unsuccessfully for an investment of $300,000 in new machinery – nearly half the factory's annual turnover. "The board said no, and I suppose they were right, in view of what has happened this year," he said.

None the less, Mr Accad regrets the deterioration of industrial capacity because of the absence of new investment.

"With a minimum wage here of L£25,000 a month, our worker costs 10 to 15 times less than a worker in Europe. Our tiles sell for the same price, but the Europeans make a bigger profit because they have machines to take the tiles off the presses and dry them."

Industries that sell on local markets, such as the makers of building materials, soft drink bottlers and processed food factories, have been less crippled by the forced isolation of the Lebanese Christian enclave than have exporters.

Arab and European countries provide the biggest markets for Lebanese industrial exports. The president of the Association of Lebanese Industrialists, Mr Fouad Abi Saleh, says that he and his colleagues had fought hard to regain credibility in foreign markets.

While some Lebanese businessmen are relying on personal contacts and the understanding of their clients to weather the latest crisis, others – in particular clothing manufacturers – have gone to extraordinary lengths to meet contracts. To counter Syria's sea blockade of Christian ports, they have been using fast motor boats to carry goods to ships waiting at night outside the range of artillery.

Even more daring exporters have brought vessels into port – but to reduce the amount of time ships spend in harbour at the risk of being sunk by shellfire, businessmen drive their cargoes aboard in lorries which sail with the vessels.

Even before Lebanon's war started in 1975, the Lebanese Government's industrial policy was one of complete non-intervention. There is no government support for industry, there are no export certificates or taxation, and the last reliable industrial census was carried out in 1975.

Mr Abi Saleh, who ran Beirut port and was the Lebanese government director of industry before he became the president of the industrialists' association in 1977, says that each Lebanese factory is a government unto itself. Most have their own power supply, telecommunications system and fire department.

Lebanese industrialists say their businesses are profitable, but that returns are flimsy in a country where one shell can wipe out years of earnings. They see their work as an act of preservation, treading water until the war ends.

"At present, the only concrete benefit of continuing to work is personal," Mr Accad said. "Lebanese industry must survive the war. When it is over we can count how much we really have left. One thing is certain. Those who give up now and close their factories will have lost everything."

Rescuers run to extinguish fires and aid casualties after the car bomb explosion which killed the Sunni Moslem Grand Mufti of the Lebanese Republic in Beirut yesterday

Car bomb kills Sunni Moslem leader

By Lara Marlowe in Beirut

SHEIKH Hassan Khaled, the 68-year-old Grand Mufti of the Sunni Moslem community in Lebanon, was assassinated by a massive car bomb in West Beirut yesterday, raising fears that the fragile ceasefire in the city will soon collapse.

The Sunni leader's grey Cadillac was flipped into the air by the blast. Twenty-one others, including his driver and three bodyguards, one of whom was his brother-in-law, were also killed and a three-storey building was flattened.

Sheikh Hassan was a moderate who worked for the restoration of unified government authority in Lebanon and reconciliation between Christians and Moslems. In his last official statement, in the Beirut Arabic language daily newspaper al-Anwar yesterday, he expressed confidence in the Arab League's efforts to bring about a lasting ceasefire.

After yesterday's explosion, the mood among Sunni Moslems in West Beirut was one of rage and grief. Three days of mourning were announced and Sunni leaders held an emergency meeting last night. The Mufti's funeral is to be held today.

Suspicions were voiced in both parts of Beirut that Israeli intelligence services or the Lebanese Forces' Phalange militia might have been responsible.

But the private anger of Sunni Moslems in West Beirut was mostly directed against the Syrians and some predicted that the Sunnis, although they have no organised military strength in West Beirut, would retaliate against Syrian soldiers stationed in the Moslem sector of the city.

Sunnis say the Syrians have been angered by the tacit support of many middle class Sunnis for the Christian General Michel Aoun's "war of liberation" against the Syrian presence in Lebanon.

THE LEX COLUMN

Inglorious victory for Gold Fields

There is something very disturbing about the way that a major UK takeover battle can be decided by the whim of a New York judge, and however admired Consolidated Gold Fields' legal tactics may be, the fact that over 50 per cent of its shareholders accepted the Minorco bid should weigh very heavily with the Gold Fields' directors before they make their next move. The way Minorco's parents gained their original strategic stake may have been reprehensible, and Minorco's own handling of the takeover bid is not above criticism, but the fact that Gold Fields' shareholders have been prevented from accepting this bid by the vagaries of the US legal system is clearly unjust.

That said, the outlook for the Gold Fields' share price now is almost as uncertain as it was last week. Since the bid was launched the UK equity market has risen by nearly a fifth, the gold price has dropped by 10 per cent and Gold Fields' shares have risen from under £10 to their current level of £12.73. If Gold Fields was to trade on a normal multiple its shares would be closer to £10. However, the calculation is not so easy and depends very much on what happens next.

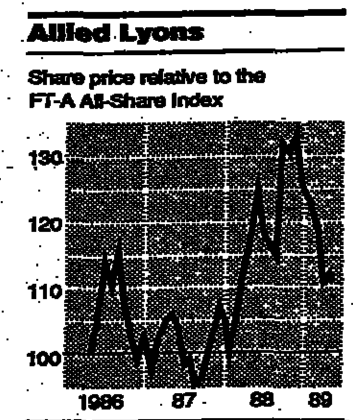
The worst thing that could happen for Gold Fields' shareholders is that Minorco sits tight and tries to win the legal battle. However, the pressure is on both sides to come to some sort of a deal, and the worry must be that Gold Fields will appease Minorco with a cosy asset swap and thereby remove its bid premium. Given what has happened so far this would be even less forgiveable than its legal manoeuvring.

WPP

The longer term questionmarks over the wisdom of the Ogilvy bid remain, but it would be churlish not to accept that Mr Martin Sorrell has had remarkably little difficulty adding another company more than twice WPP's size to his fast growing empire. The combination of a very attractive convertible issue and a swift and friendly resolution to a bid which could very easily have deteriorated into a damaging hostile takeover battle largely explain the 6 per cent jump in the WPP share price yesterday.

The plus points are that there will be no dilution this year and no more than 8 per cent next year, there is scope for margin improvement, although nowhere near as dramatic as last time, and client defections should be kept to under 5 per cent of the combined group's $13.5bn of annual billings, or WPP is not doing its job. Negative net worth will look even more negative, but the combination of some brand accounting plus interest cover which is not going to slip below three times go some way to offsetting the understandable balance sheet concerns.

However, WPP is paying 24 times earnings for a second, rather mature advertising giant at a time when the economic outlook is deteriorating. Admittedly, WPP's diversification has been far less adventurous than Saatchi's, and the proportion of its profits tied to earnouts will drop from a third to 15 per cent. Nevertheless, as investors who subscribed to WPP's 875p rights issue in August 1987 remember to their cost, WPP's ambitions rarely match shareholder expectations and, until they do, a prospective multiple of 9.3 times earnings is all the company can expect.



Allied Lyons

Increasingly, the value of Allied Lyons lies in its assets rather than earnings. Yesterday's full year figures show Allied dropping out of the first division in each of its three businesses. In wines and spirits it is growing at about half the rate of a Guinness or Grand Met; and while part of the problem is that no one likes sherry or cider anymore, arguably it has been slower off the mark with its premium brands. The rise in food profits of under 8 per cent is also uninspiring, and the company's arguements about the frugal consumer do not altogether square with the confident noises coming from the likes of Tesco. Even the respectable 15 per cent brewing advance is expected to look unremarkable next to today's figures from Bass.

On the other hand, Allied's asset value is beyond reproach. After yesterday's revaluation of the pubs, the stated value is approaching 54, and that takes no account of all its valuable brands. The 10p fall to 452p in the shares yesterday suggests the market does not care about assets, and has written off Allied as a bid candidate now that Bond is not bankable. That seems rash: even if Bond's 10 per cent stake is reduced to about 4 per cent as holders of the convertable convert, the new owners will mainly be fixed interest funds with dubious loyalty.

In theory, Allied's strengthened balance sheet could make it a more probable bidder than target. However, the reduction in gearing to 35 per cent does not actually provide much extra room for manoeuvre: with fully diluted earnings growth this year may be under 10 per cent it can ill afford the kind of earnings dilution that would come with almost any of the big deals now being touted around the market.

Burmah

It is not often that a £1bn company can add five per cent to its market capitalisation on the strength of a $45m deal; but in Burmah's case the sale of half its LNG gas transport business might have been better received still. Burmah has found an elegant solution to its perennial LNG problem: its partnership with Mitsui ensures that its tankers will find further employment when the present contract expires – meaning no more provisions and a write-back of the old ones. If, as the company suggests, the deal increases earnings by 6p, yesterday's 30p rise in the shares was less than half that needed simply to sustain the multiple. Perhaps the market reckons that as the boost does not count as it winds down after five years, or perhaps it is suspicious of an increase to earnings that has little effect on cash flow, and hence may mean nothing for dividends. There is something in that: but more important is the fact that the deal increases the quality of Burmah's earnings, and also cuts its exposure to what has been a non-growth business. The market, which stoped re-rating Burmah once its multiple had been brought up to the market average, has recently been looking for an excuse to resume the process, and this just might provide it.

UK may challenge authority of Brussels

By Michael Cassell in London and William Dawkins in Brussels

THE UK Government is considering challenging in the European Court of Justice the extent of the European Commission's authority to impose directives on member nations under the Single European Act.

The possibility emerged yesterday after an 11-1 decision in Brussels to impose, in the face of strong protests from an isolated UK, detailed health warnings on cigarette packets by 1993.

Yesterday's accords add to the increasing tension between the UK Government and the Commission, felt by London to be intervening unnecessarily in affairs best left to sovereign governments. They will need endorsement by the European Parliament before coming back to ministers for final adoption.

Mr Kenneth Clarke, Health Secretary, was left as the sole dissenter at a meeting of EC health ministers, after other member states were persuaded to drop their objections to the two European Commission directives.

He accepted a non-binding declaration of intent by EC Governments to ban smoking in public places.

Mr Clarke said he did not see the need for the EC to impose on member states a requirement to legislate in such detail. He added: "There is a serious danger that the EC will make a laughing stock of itself and antagonise popular opinion . . . by trying to push itself into the mainstream of politics."

He stressed that Government has used voluntary agreements with the tobacco industry to control tar and health labelling for the past 17 years and did not wish to replace this with less flexible EC legislation.

Mrs Margaret Thatcher, the British Prime Minister, said in Parliament yesterday that the Government was considering the EC decision "very carefully." She again rejected attacks on her personal commitment to the Community but voiced her concern that it was danger of becoming too bureaucratic.

Mrs Thatcher's strident criticism of what she sees as the potential abuse of powers by the Community in relation to the European Single Act has provoked internal divisions in the Conservative Party in the run-up to the European elections next month.

Although Mr Clarke said the UK did not plan to challenge the latest directives in the European Court, ministers appear increasingly determined to force the issue of the Commission's competence in relation to the single market by obtaining a ruling from the European Court.

They believe, however, that the court's rulings have indicated a tendency to move in the direction of wider European powers and are concerned to ensure that they have a strong case.

At the heart of the Government's objections are the interpretation of powers by the Commission in implementing measures under the single act.

Under Article 100A of the Treaty of Rome, as amended by the Single European Act, majority decisions are acceptable on many issues, a ruling which the British Government believes can see important measures being passed by "default."

Editorial comment, Page 14

Murdoch's Sky sues Disney

Continued from Page 1

Since Sky Television's launch in February sales of satellite receiving equipment in Britain have been slower than expected, running at around 3,000 a week at a time when the satellite television network has been costing around £2m a week.

All the signs are, however, that Mr Murdoch is preparing to push ahead with major promotional backing for Sky. One proposal being considered is that all those with Sky receiving equipment will be given a free decoder when Sky Movies is turned into a subscription service later this year, if they take out a 12-month subscription.

The loss of the Disney Channel will give some respite to British Satellite Broadcasting, Sky's rival, which has admitted that it may have to delay its scheduled September launch.

WORLD WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	C	20	68	Dubrovnik	S	21	70	Malta	S	21	70	Rhodes	S	29	84
Algiers	S	23	73	Edinburgh	S	14	57	Manchester	F	12	54	Rio de J'o	F	29	84
Amsterdam	S	20	68	Faro	S	23	73	Manila	F	35	95	Rome	F	18	64
Athens	S	25	77	Florence	C	15	59	Melbourne	S	14	57	Salzburg	C	14	57
Bahrain	S	34	93	Frankfurt	S	21	70	Mexico City	F	27	81	San Francisco	F	11	52
Bangkok	F	34	93	Funchal	S	21	70	Miami	S	23	73	Seoul	S	20	68
Barcelona	S	20	68	Geneva	S	17	63	Milan	F	20	68	Singapore	F	28	82
Beirut	F	27	81	Gibraltar	S	20	68	Montreal	F	16	61	Stockholm	F	19	66
Belfast	-	-	-	Glasgow	F	12	54	Moscow	C	15	59	Strasbourg	S	21	70
Belgrade	F	18	64	Guernsey	S	15	59	Munich	F	15	59	Sydney	R	17	63
Berlin	S	21	70	Helsinki	S	20	68	Nairobi	F	22	72	Taipei	F	30	86
Biarritz	F	17	63	H. Kong	C	26	79	Naples	F	20	68	Tangier	S	25	77
Bombay	F	32	90	Innsbruck	C	14	57	Nassau	C	31	88	Tel Aviv	S	33	91
Bordeaux	S	23	73	Inverness	-	-	-	New Delhi	C	23	73	Tenerife	S	23	73
Brussels	S	21	70	Islamabad	C	39	102	New York	R	14	57	Tokyo	C	21	70
Budapest	C	18	64	Istanbul	F	20	68	Nice	-	-	-	Toronto	R	11	52
B. Aires	R	16	60	Jakarta	R	30	86	Nicosia	F	38	100	Tunis	F	23	73
Cairo	S	37	99	Jersey	F	18	64	Oporto	S	21	70	Valencia	S	23	73
Cape Town	S	25	77	Jo'burg	F	20	68	Oslo	C	14	57	Venice	F	18	64
Caracas	C	28	82	Lima	C	21	70	Paris	S	21	70	Vienna	R	11	52
Casablanca	S	23	73	Lisbon	S	25	77	Peking	S	28	82	Warsaw	S	19	66
Chicago	S	9	48	London	S	20	68	Prague	S	19	66	Washington	C	14	57
Cologne	S	21	70	Los Angeles	F	12	54	Reykjavik	S	5	41	Zurich	C	17	63
Copenhagen	S	17	63	Luxembourg	S	18	64								
Corfu	S	21	70	Madrid	S	26	79								
Dallas	T	18	64	Majorca	F	22	72								
Dublin	F	13	55	Malaga	S	20	68								

Readings at mid-day yesterday
C-Cloudy Dr-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Peking and Moscow restore relations

Continued from Page 1

ters today.

China's internal political upheaval was touched on only obliquely during the talks, when Mr Gorbachev told Zhao Ziyang, his fellow party leader, that both countries had their hotheads, who wanted to renovate socialism overnight.

Zhao said that socialism was facing a grave challenge, and that without reform there was "definitely no way out."

The students' anger has been directed above all against Deng Xiaoping himself, but yesterday Zhao Ziyang took the opportunity of his talks with Mr Gorbachev to eulogise the old man's wisdom and leadership.

At the same time, Mr Gorbachev appeared to give his own strong endorsement to Zhao as party leader.

"The talks were held as if the two general secretaries met for a regular meeting," Mr Gennady Gerasimov, the Soviet spokesman, said. "There was wide ideological agreement." He suggested that the meeting was simply the first of many future similar encounters.

The two Communist leaders have agreed to set up a joint ideological commission on how socialism should adapt to the technological revolution.

The Soviet Union also proposed that the commission on demarcation of the border, currently headed by deputy ministers, should be promoted to full ministerial level to speed up its work.

FINANCIAL TIMES

COMPANIES & MARKETS

Wednesday May 17 1989

INSIDE

Gateway puts flesh on the phantom

Gateway, Britain's third-largest food retailer, which is fighting a £1.73bn bid from the newly formed Isosceles company, yesterday said that the total sum payable under its "phantom incentive schemes" in the event of a takeover at 195p a share – the level at which the Isosceles bid is currently pitched – would be under £1m. The scheme had come under attack from Isosceles, which was questioning its extent and its cost in the event of a successful bid for the food retail group. Page 26

Vienna sheds its sleepy image

Times are changing on Vienna's Wiener Bourse. Accustomed to the slow pace of life on the exchange's floor, Austrian investors and bankers are coming to terms with the astonishing growth of the once-sleepy institution. This time last year few traders would have believed that the share index would continue to rise above 204.22, yet yesterday it closed at an all-time high of 342.05. Page 46

Man-watching in Japan

Not so long ago, the Japanese Government's annual ritual of moving its leading bureaucrats would have attracted little world attention. But, with Japan's rise to economic superpower status, things have changed, so that there is a big question in financial circles over what will happen next month after Mr Toyoo Gyohten (above), the suave vice minister of finance for international affairs, steps down and is replaced by Mr Makoto Utsumi, now director of the Finance Ministry's international finance bureau. Ian Rodger reports. Page 23

Brave new world for farmers

Ideas for a brave new world in agriculture – including the recommendation that the environmental, recreational and social benefits of farming be given full recognition – launched earlier this month by the Countryside Commission, have attracted the interest of UK Environment Secretary Nicholas Ridley. Bridget Bloom reports on the proposals. Page 34

Strange moves in the art world

The 5.6 per cent stake in the blue-blooded London-based art auction-eer Christies International recently taken by ADT, the Bermuda-registered electronic security systems and vehicle auction conglomerate, has produced what must be one of the most incongruous links ever thrown up by the workings of the stock market. It is presumed that Christies' management will resist any bid attempt, but today's annual meeting may throw more light on their attitude, writes Clare Pearson. Page 25

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Chief price changes yesterday

FRANKFURT (DM)				**PARIS (FFr)**			
Rises				**Rises**			
Karstadt	498.5	+	3.5	Bouygues	640	+	48.5
Nixdorf	314.5	+	1.5	Elf Gabon	990	+	41.5
Falls				Geophysique	895	+	47.5
Degussa	454	−	6	**Falls**			
Henkel	508.5	−	6.5	Facom	1201	−	36
Lufthansa	165	−	2.5	Imetal	358.1	−	17.5
Man	278	−	5	Locafrance	502	−	17.5
NEW YORK ($)				**TOKYO (Yen)**			
Rises				**Rises**			
Howtek	19	+	1⅜	Kyotaru	2100	+	190
St. Paul Co's	49½	+	¾	Manzen Showa	1300	+	200
Falls				Nihon Spindle	1280	+	150
Cray Research	49⅞	−	5⅜	Shinagawa Fuel	1490	+	130
Ogilvy Grp.	53⅛	−	⅞	**Falls**			
Penney (J.C.)	58¾	−	1¼	Carolina	590	−	40
Dayton Hudson	51⅞	−	⅞	Saibu Credit	2440	−	180

LONDON (Pence)							
Rises				**Falls**			
AngliaSecure	324	+	9	AB Elect.	381	−	17
Antler	313	+	110	Allied-Lyons	452	−	10
Bulmer (H.P.)	182	+	9	Brit. Aero	621	−	13
Burmah	591	+	30	Cons Gold Flds	1273	−	45
Heath (C.E)	479	+	9	Diploma	227	−	17
Jackson Bourne	236	+	12	Eurotunnel	919	−	29
Miss World	613	+	52	Ivory Merchant	462	−	11
REA Hldgs.	206	+	11	Kingfisher	319	−	13
Rechem Envmtl.	607	+	41	Lloyds Bk.	359	−	10
Sommerville	725	+	55	Wassall	286	−	11
Stanley	476	+	15	Wickes	194	−	13
WPP Grp.	652	+	38				

End of a fairy-tale romance

Raymond Snoddy looks at the break-up of Sky's deal with Disney

Alan Harper

Rupert Murdoch (left) with Andrew Neil, who says he has a written agreement with Disney for the provision of Touchstone films to Sky and sees no reason why that should not stand.

WHEN Mr Rupert Murdoch, the News International chief executive, announced last November a joint venture between his Sky Television company and the Disney organisation it looked like a master stroke. Not only would Mr Murdoch be able to bring the Disney Channel to the UK, but Disney would also put up half the funds for Sky Movies and contribute films from its successful Hollywood studio, Touchstone.

In a trans-Atlantic press conference to announce the deal, Mr Murdoch exuded pleasure and self-confidence and Mr Andrew Neil, executive chairman of Sky Television and editor of the Sunday Times, happily posed to be photographed with Disney characters.

The aura of wholesome family entertainment vanished completely yesterday as Sky Television lost the centre-piece of its pay television service and Disney in turn faced a $1.5bn Murdoch lawsuit – $500m in damages plus $1bn in punitive damages.

The lawsuit filed in the Los Angeles Superior Court on Monday is ferocious by any standards. It accuses Disney of fraud and of using unfair tactics to derail the joint venture agreement.

Disney declined to discuss the lawsuit yesterday other than to say: "We have a great regard for Mr Murdoch and his accomplishments but we are surprised at this suit, which has absolutely no merit."

All the signs are that the relationship between Disney and Sky Television has been fraught from the start and that, in spite of talks over months, no final joint venture agreement was ever signed.

The two organisations were each to put up $75m and were also involved jointly in providing guarantees for a further $80m to show films from Warner Brothers on another Murdoch channel, Sky Movies.

Sky Television was due to launch the Disney Channel in the UK on August 1 as well as Sky Movies – an up-grading of its present film channel. It would have turned the two channels into a £12-a-month subscription package, probably three months later.

It is alleged that Sky faced delays in actually getting money for the joint venture company and, at least from Mr Murdoch's point of view, barriers appeared to be being placed in the way of progress. There were also attempts by Disney to renegotiate the original deal.

The loss of the Disney Channel is a serious psychological blow to Sky Television, which launched four national channels in February – a blow only partially softened by the agreement announced yesterday with Mr Robert Maxwell, the publisher.

The Maxwell deal will give Sky access to 50,000 cable homes from next month, with the possibility that more people can be persuaded to take the satellite television channels through Mr Maxwell's cable networks.

As well as Mr Maxwell's existing 50,000 cable subscribers, a further 170,000 homes receive BBC and ITV broadcast channels on cable relay networks. Technical studies will now be put under way to see if those systems could be converted to take the new services.

However, Disney was seen as a powerful marketing tool for satellite television. It was hoped that Disney's strong established brand image would get children to persuade their parents to subscribe to satellite television.

The souring of the relationship with Disney could also have a serious effect on the future plans for the Sky Movies channel. Mr Neil said yesterday that he had a written agreement with Disney for the provision of Touchstone films to Sky and saw no reason why that should not stand.

There were reports in Hollywood last night, however, that the Touchstone deal was with the Disney-Murdoch joint venture company now at the centre of the legal action.

It is difficult to forecast what future working relationship there could be between two potential partners now at loggerheads in the courts.

Sky Television yesterday also dropped its plans for a separate arts channel, saying it planned a pay channel of classic films combined with some arts programming. It is difficult to see how the addition of a classic film channel – a euphemism for old films which have already been seen on television – can be an effective substitute for the Disney Channel.

In another change, consumers will now be able to subscribe individually to Sky Movies. The Sky chairman promised yesterday that it would be highly competitive with the £9.99 ($16.40) a month film channel planned by rival satellite company British Satellite Broadcasting.

For the moment at least, Mr Murdoch will have a total of five satellite channels instead of the six planned. However, the deal with Mr Maxwell probably means that MTV Europe, the pop music channel in which Mr Maxwell has a controlling stake, can be marketed jointly.

The blow comes at the very moment when Mr Murdoch has been looking at various options for increasing the take-up of satellite television in the UK. Some of the options that have been under consideration, and probably rejected, have involved giving away large numbers of satellite receiving dishes to try to stimulate demand.

Mr Murdoch is understood to appreciate the need for further marketing initiatives. In recent weeks sales of satellite receivers have been running at the rate of about 3,000 a week – a creditable performance compared with the rate of introduction of other consumer electronic equipment, such as colour television.

There were smiles yesterday at Mr Murdoch's discomfiture at BSB, the consortium scheduled to launch three channels of satellite television at the end of September.

BSB, whose main shareholders include the Bond Corporation of Australia, the Granada Group, Pearson, publishers of the Financial Times, and Reed International, tried several times to reach agreement with Disney and failed.

BSB said yesterday it would be happy to acquire the rights to Touchstone films if they became available.

It would be premature for BSB to celebrate Mr Murdoch's difficulties too heartily. Not only does it have serious problems of its own, but any negative perceptions of satellite television as a concept would damage its ability to raise further necessary finance of £400m.

There are growing signs that BSB will not be able to raise its extra money through a public flotation or through new institutional shareholders and that it will have to raise new debt.

This could mean that the main existing shareholders – probably excluding Mr Alan Bond, who already faces a difficult financial future – may have to shoulder new large debt guarantees.

Mr Murdoch has been making it clear that he believes there can only be one winner in Britain's satellite television battle and that the victor will emerge in the next two or three years.

By then it should be clear whether satellite television is a major new emerging enterprise – or a Mickey Mouse business.

Ogilvy agrees to WPP takeover

By Roderick Oram in New York and Nikki Tait in London

OGILVY GROUP, one of the largest and most creative US advertising firms, yesterday agreed a $864m takeover offer from WPP Group, the UK advertising and marketing services conglomerate run by Mr Martin Sorrell.

The deal will strengthen WPP's geographic spread and its array of services, which runs from advertising and market research to direct marketing and public relations.

WPP took over J. Walter Thompson in 1987, and as a result of this latest deal now has two of the world's leading agencies. Mr Sorrell has committed himself to keeping them separate.

The takeover will bring media billings by WPP's clients up from under $8bn last year to about $14bn, where it will vie with Saatchi & Saatchi of the UK as the biggest force in the global industry.

The WPP offer is $54 a share cash, valuing Ogilvy on a fully-diluted basis at $864m. On Wall Street yesterday, Ogilvy's shares dipped $⅞ to $53⅛ on news of the deal, underscoring market opinion that no counter-bidder will emerge.

WPP is financing the bid through a £214m issue of convertible preference shares, and the remainder via loan facilities – a mix much as expected by the London stock market.

Mr Sorrell told a New York press conference that the purchase would be "pretty much non-dilutive" of WPP's earnings this year because Ogilvy reports about 65 per cent of its profits in the second half of the year. Dilution next year will be about 6 to 7 per cent in terms of earnings per share.

US analysts said Mr Sorrell would find it hard to wring financial benefits from the deal and that the purchase price looked high, considering that Ogilvy's management had been unable to attract a white knight to raise money for a leveraged buy-out or recapitalisation that would beat the WPP bid.

Ogilvy, founded in the late 1940s by Mr David Ogilvy, an emigrant Scot whose style and ideas have left an indelible impression on Madison Avenue, had rejected out of hand WPP's initial offer of $45 a share late last month.

While Mr Ogilvy, still the group's honorary chairman, railed against Mr Sorrell, Ogilvy's management, unable to find an alternative, began to negotiate with WPP last Thursday evening.

After the price was agreed, negotiations over the weekend concerned WPP's guarantees of Ogilvy's autonomy within WPP. Mr Ogilvy has agreed to serve as WPP's non-executive chairman.

The WPP convertible shares are being issued to existing shareholders by way of rights, on the basis of 53 convertible preference shares for every 10 ordinary shares held and at an issue price of 100p.

At the issue price, the convertible shares offer a gross yield of 11 per cent, and can be converted into ordinary shares between 1990 and 2009. The effective conversion price is about 680p ($11.15) a share.

The issue has been underwritten by Samuel Montagu, WPP's UK advisers.

How David Ogilvy ate his words, Page 14; Lex, Page 16

French stock markets body posts $77m loss

By Paul Betts in Paris

SOCIETE des Bourses Francaises (SBF), the French stock exchanges association, yesterday reported a loss of FFr509.8m ($77.59m) for the nine months ended December 1988.

The loss includes FFr110m in depreciation and FFr380.3m in provisions. The SBF replaced the former French stockbrokers association just over a year ago.

It said it suffered an operating loss of FFr120.5m largely because of restructuring costs and a reduced members' contribution as a result of the fall in stock market business.

However, the SBF said it expected its operating results to be in balance this year because of higher fees and efforts to diversify sources of income.

The SBF, which represents the country's smaller regional stock markets as well as the main Paris bourse, said it should benefit this year from FFr470m in special after-tax gains from the sale of property assets.

As a result, it does not expect to have to ask its members to take part in a new capital-raising operation.

Provisions against the risk of future losses by member firms were increased by FFr246m for the nine months to the end of 1988.

However, the SBF said yesterday its future burden-of-risk provisions would be considerably eased by the new guarantee fund to be set up under last year's French stock market legislation.

IBM launches office software

By Alan Cane

INTERNATIONAL Business Machines yesterday made its long anticipated bid for leadership in the emerging market for "electronic office" systems.

In a series of simultaneous announcements around the world, the world's largest computer manufacturer launched a range of computer software designed to automate office functions ranging from document preparation and electronic mail to calendar scheduling and corporate data analysis.

While the developments present technical advances for IBM, most have been pioneered by other manufacturers.

However, the announcements are significant because they could lead to IBM setting standards which, by virtue of the company's marketing strength, the rest of the industry would be forced to follow.

They are the first commercial evidence of IBM's commitment to harmonising its major product lines – workstations, mid-range computers and mainframes – so that they operate in the same way and can use the same software, such as spreadsheets and electronic filing systems.

IBM calls this attempt to set rules and regulations through which its various systems communicate with each other and with their users and programmers "systems applications architecture."

The range was developed at a cost of millions of dollars over more than two years and marks the first time IBM has attempted to present its customers with a broad vision of and strategy for the office of the future.

While it remains the undisputed leader in data processing systems, it has never taken a similar role in the office, allowing competitors like Digital Equipment and Apple to cut into its market share.

The software, called OfficeVision, will be available from September. It is being offered first on IBM's new range of personal computers, the Personal Systems/2 family, which IBM is attempting to establish as the new world standard in the same way that its first generation personal computers dominated the market.

OfficeVision will be extended to IBM's mid-range AS/400 computers and its mainframes running the MVS and VM operating software over the next two to three years, the company said.

IBM said that about 14 leading software houses, including Management Science America and Comshare, have developed software packages which run under SAA and OfficeVision. These will all work in a similar manner and present information to their users with a common look.

Rivals differ on LVMH report

By Paul Betts

RIVAL CAMPS in the bitter internal struggle for control of Moet Hennessy-Louis Vuitton (LVMH), the leading French champagne and luxury product group, claimed last night that a report into LVMH share dealings by the French stock market watchdog had strengthened their respective hands in the battle.

The long-awaited report by the Commission des Operations de Bourse (COB) was published yesterday. The COB decided to hand over the findings of its insider trading investigation to the public prosecutor, who would then decide whether to take legal proceedings against LVMH executives involved in heavy share dealings last September and January.

It said that company executives had clearly been privy to privileged information but the COB argued that they had not acted with the intention of breaching insider trading rules. Instead, these executives and key company shareholders had acted to consolidate their position in the company during the long battle for control.

The COB's move has failed to lift uncertainty surrounding control of the company in the run-up to a crucial LVMH annual shareholders meeting on June 9. This meeting should finally decide the outcome of the contest between Mr Bernard Arnault, the 40-year-old chairman of LVMH, and the Vuitton clan, led by the veteran Mr Henry Racamier.

Despite the COB's decision to turn the inquiry over to the public prosecutor, Mr Arnault, LVMH's leading shareholder, in partnership with Guinness, said he was "very satisfied" with the commission's announcement.

He claimed that the COB's findings had confirmed "the regularity of the operations" which enabled him, with the help of Guinness, to become the single largest shareholder in LVMH.

However, Mr Racamier claimed that the COB report showed there had been what he called an "LVMH affair" and that it could lead to legal action.

Apart from the insider trading issue, the COB said in its report that Moet Hennessy and its lead banker, Lazard Frères, had breached decisions taken at a shareholders meeting to launch a public international issue of share warrants in 1987.

Instead, there had been a private placing. The COB said it was up to shareholders to decide whether to take legal action against the company.

The COB also said yesterday that Mr Arnault had not acquired a controlling block during his share purchases last January which would have forced him to make a full bid for the company.

INTERNATIONAL COMPANIES AND FINANCE

US groups plan Dram consortium

By Louise Kehoe in San Francisco

US SEMICONDUCTOR industry executives have drawn up plans for a major new memory chip manufacturing consortium with a high-volume 4-megabit Dram (dynamic random access memory) plant expected to cost around $500m.

The plan calls for computer and semiconductor producers to co-invest in the venture, each obtaining a share of the production in proportion to their investment.

Already, as many as 20 companies, including several leading computer manufacturers, are understood to have expressed interest in the venture, although no firm commitments have yet been sought.

"Dram Inc," as it is unofficially known in the industry, would address continuing US government and industry concerns about the dependence of US industries upon foreign memory chip suppliers.

In the mid-1980s most US semiconductor manufacturers dropped out of the Dram market in the face of severe pricing competition from Japanese producers. The US International Trade Commission subsequently ruled that Japanese companies had "dumped" huge quantities of Drams in the US, unfairly pricing them below the cost of production.

A principal goal of the US Government in arriving at the 1986 US-Japanese semiconductor trade agreement was to create an environment in which US companies would re-invest in Dram production.

To date, however, few have been willing to undertake the large investments required. An exception is Motorola, which has recently begun making Drams again, following a technology exchange agreement with Toshiba of Japan.

The idea of a collaborative approach to Dram manufacturing was first mooted in 1986 when plans for Sematech, the government-funded consortium, were being drawn up.

Sematech, however, has emerged as a research and development consortium focusing on the development of advanced production technology. Its charter specifically excludes the production and sale of chips.

After exploring other possible approaches to boost US Dram production, semiconductor industry leaders have returned to the idea of forming a manufacturing consortium.

"The Board of the Semiconductor Industry Association reviewed a detailed plan and unanimously supports its concept," said Mr Gordon Moore, chairman of the industry trade group and also chairman of Intel Corporation. "The next step is for each board director to further evaluate the plan within his company."

The industry is not expected to ask for government funding for the venture, although it may seek low-cost government loans or loan guarantees. The primary source of funding would, however, be from companies that become "shareholders" in the venture.

All of the chips produced by Dram Inc would be pre-sold to shareholders. For computer manufacturers, Dram Inc would provide an assured source of supply of critical components. Demand for Drams is expected to soar over the next few years as new applications such as facsimile machines, advanced printers and high definition television add to the increasing demand from the computer industry.

US semiconductor producers are also expected to invest in the venture in order to obtain Drams for resale.

US memory chip sales rose by 90 per cent last year to total $4.5bn, according to researchers at Dataquest. The market research firm projects annual growth of more than 26 per cent over the next few years and says that by 1993 Drams will represent close to 50 per cent of the entire $33bn US semiconductor market.

It is still unclear where Dram Inc would obtain advanced semiconductor production technology and a 4-megabit Dram chip design. According to industry insiders, however, the issue has been "addressed and resolved."

The speed with which the venture can be put together will depend largely on the reactions of computer companies. If there is an enthusiastic response, Dram Inc could be created this year, with production starting in 1991.

Prime Computer calls bid bluff

By Karen Zagor in New York

PRIME COMPUTER, which has been fighting an unwanted tender offer from MAI Basic Four since November, has decided to call MAI's bluff by rescinding its poison pills.

In an open letter to Mr Bennet LeBow, MAI's chairman, Prime said it did not believe MAI would be able to arrange the financing for the $20-a-share cash bid, which is worth $965m, before the expiration date of June 2.

The Massachusetts-based company said it would amend its share purchase rights plan so that MAI, or any other bidder, could buy all Prime Computer shares for $20 each in cash before June 2 without triggering the rights provision, which would dilute MAI's voting power.

The group added that it would give MAI access to confidential company information. Furthermore, Prime said it would withdraw its suit against MAI in the US Court of Appeals as soon as the purchase was complete.

Prime, the second biggest US maker of computer-aided design equipment after IBM, has revised its 1989 operating income estimates down to about 35 per cent above 1988 from about 45 per cent. Operating income last year was $57m.

In addition, Prime expects annual revenue in 1989 to increase by 6 per cent instead of the 10 per cent originally projected.

The company said it took a $5m loss in the first quarter of this year as a result of its takeover defence costs and lost customers.

Mr Joe Gavaghan, a Prime executive, said that the company was also "deeply concerned about the employee attrition rate" as a result of the company's uncertain future.

Although Mr Gavaghan said Prime Computer was talking to a number of other potential suitors, no company besides MAI has made a bid. An MAI official would say no more than that MAI was evaluating the situation.

Air Canada cuts quarterly loss by C$22m

By David Owen in Toronto

AIR CANADA, the Montreal-based airline which is 55 per cent owned by the Federal Government, yesterday reported a C$22m (US$18.5m) reduction in first-quarter losses – despite a sharp decline in its passenger load factor.

The load factor fell by 5.4 per cent from year-ago levels to 66.3 per cent during the three months ended March 31. An official attributed the fall to concerted efforts in last year's first quarter to regain market share following a strike.

In all, net losses totalled C$11.5m or 16 cents a share, against a loss of C$33.5m or 87 cents in 1988. Operating revenues edged ahead to C$829.1m from C$807.5m.

Operating losses during what is traditionally a quiet period for the industry were C$13.2m lower at C$25.7m.

Factors contributing to the reduction included a C$16.1m decline in non-operating expenses and a C$7.8m extraordinary gain related to the extinguishing of certain long-term debt obligations.

The Government is widely expected shortly to sell its remaining stake in the airline, having designated the divestment "an immediate priority" in last month's budget.

A 45 per cent stake was spun off to the public for C$8 a share last October. Having languished for several months at C$7 to C$8 a share, the stock climbed sharply following rival PWA's acquisition of Wardair. It has recently traded at C$11 to C$12 per unit.

Buoyant start for US retailers

By Karen Zagor

A SPRING respite in the difficult climate in the US retailing market was underscored yesterday by reports of higher first-quarter sales and profits from J.C. Penney and Dayton Hudson.

J.C. Penney, the third biggest US retailer, had net earnings of $148m or $1.10 a share for its quarter ended April 29, compared with $131m or 96 cents a year earlier. Revenues were up 5.2 per cent at $3.34bn, against $3.17bn. The company said April was a particularly strong month for sales.

A loss of $20m from discontinuing Telaction, a subsidiary which offered an interactive television programme, made final net $128m or 95 cents.

Gross margins as a per cent of retail sales were flat. J.C. Penney, which moved its headquarters to Dallas from New York last year, said "promotional activity increased, resulting in higher markdowns." Selling, general and administrative expenses rose 6.7 per cent compared with the previous period.

Earlier this year the company announced that it would sell its casualty insurance business. No significant gains or losses are expected to result from this.

Mr William Howell, chairman, said the company had largely completed the restructuring process it started in 1983. Since then J.C. Penney has moved away from hard good products, such as electronics, photography and sporting goods, and now concentrates on soft goods, particularly women's clothing. Mr Howell added that that inventories were in line with future sales expectations.

Dayton Hudson, a Minneapolis, Minnesota, based department store group, reported net income of $40m or 51 cents a share, against $81m or 86 cents the previous year. Revenues increased by 11 per cent to $2.83bn from $2.54bn.

Mr Kenneth Macke, chairman and chief executive, said: "Strong sales, especially in soft lines, contributed to the first-quarter performance."

OBITUARY

Canadian beer pioneer who founded Argus

MR EDWARD Plunket Taylor, the Canadian businessman who revolutionised the domestic brewing industry and later built Argus into one of the country's most powerful corporations, has died in the Bahamas. He was 88.

At the height of its powers, Argus held substantial interests in several well-known Canadian companies, including Dominion Stores, Standard Broadcasting, British Columbia Forest Products and Massey-Ferguson.

Its cornerstone for many years, however, was Canadian Breweries, the brewing powerhouse which Mr Taylor constructed at breakneck speed in the 1930s, when the domestic beer industry was highly fragmented.

During the course of the decade, he acquired no fewer than 23 competitors, eventually trimming the number of brands in production from 150 to nine and accumulating a 35 per cent share of the Ontario beer market.

In the Second World War, Mr Taylor served as one of Canada's so-called "dollar-a-year men," co-ordinating the production and distribution of vital supplies. It was in the immediate aftermath of the war that Argus was formed.

Mr Taylor was a horse-racing enthusiast and breeder of thoroughbreds. In 1964, his Northern Dancer – later a first-rate stallion – became the first Canadian horse to win the coveted Kentucky Derby.

Since Mr Taylor sold his Argus shares to Mr Paul Desmarais's Power Corporation in 1976, the corporation's principal holdings have been whittled away. Now an investment holding entity controlled by Mr Conrad Black, the Canadian publisher, its sole remaining asset is a stake in Mr Black's Hollinger.

Dumez to float Canadian offshoot

DUMEZ, one of France's top three construction and property groups, is taking its Canadian subsidiary, United Westburne, public with a Canadian dollarequity issue being made available in Canada and Europe, writes Robert Gibbens in Montreal.

United Westburne, with 1988 sales of C$42.2bn (US$35.46bn), was quoted on Canadian exchanges for many years. Dumez acquired it in 1987.

Control Data in Cray sales link

By Alan Cane in London and Roderick Oram in New York

CRAY RESEARCH, the US-based supercomputer manufacturer which holds some two thirds of the world market, has signed a reciprocal marketing agreement with Control Data Corporation under which Cray will provide its full line of supercomputers to Control Data customers.

In return, Cray will be able to offer its customers Control Data's commercial mainframes computers and high performance workstations.

The two companies, both based in Minneapolis, Minnesota, have been feeling the strain of keeping up with the latest technology. Cray on Monday unveiled plans to spin off development of a promising but risky new technology into an independent operation and four weeks ago Control Data ditched its ETA supercomputer project.

The decision left Cray Research as the only leading US maker of supercomputers when Japanese companies are preparing an assault on the world market.

The two companies said that through the marketing deal, they planned "a seamless network of computing power including supercomputers, mainframes, information servers, network servers and workstations."

Control Data said although the two companies would be offering virtually identical ranges of hardware and software, the marketing agreement was not the prelude to a merger.

Control Data pioneered the development of supercomputers, scientific machines tuned to provide the highest possible computing speed, in the 1960s but withdrew from the market a month ago when it became clear it could not afford the continued cost of research and development.

Investment in and losses by its ETA division could have cost it $500m over the past five years, analysts say.

Cray Research, which has dominated the supercomputer market since the mid-1970s, said on Monday it is to spin off development of the technology for its latest range of supercomputers into an independent operation run by Mr Seymour Cray, the company's founder and principal designer.

FN Herstal operating result back in surplus

By Tim Dickson in Brussels

FABRIQUE NATIONALE de Herstal, the Liege-based armaments group in which the holding company Société Générale de Belgique now owns a near 80 per cent stake, disclosed yesterday that it had lost BFr5.8bn ($142.6m) after restructuring costs in 1988.

The underlying performance of the group, however, presents a less gloomy picture with operating profits amounting to BFr643.7m. compared with the operating loss of BFr532.3m in 1987.

Looking ahead to the current year, moreover, the board predicts that the overall result will be "slightly positive."

Yesterday's results were not unexpected in view of the major restructuring plans and recapitalisation programme inspired by SGB late last year. Restructuring costs of BFr4.7bn for the financial years 1985-88 have been written off, while another BFr1.5bn. of provisions for the 1989 financial year have been included.

Turnover in 1988 was 2.2 per cent lower at BFr22.4bn, for which the defence division was responsible for BFr7.8bn, aeronautical and space activities BFr6.4bn, and sports and leisure BFr8bn.

A statement yesterday said negotiations aimed at finding an industrial and financial partner for FN Moteurs, the aeronautics offshoot, were "actively going ahead." Analysts, however, believe that a deal is close to completion, probably with the French company Snecma.

LNG deal with Japanese to boost Burmah returns

By Steven Butler in London

BURMAH OIL, the lubricants group, yesterday sold a 50 per cent interest in its liquified natural gas (LNG) transportation business to Mitsui OSK Lines, the Japanese shipping company, for $45m.

Burmah shares rose 30p to 591p, following news of the deal, which promises a substantial boost to Burmah's profits for several years. In addition to compensation from the deal, Burmah will have access to about $95m of cash and investments held within the LNG business, of which $30m has been received.

In the coming five years, the deal will also allow Burmah to add to its profits £31.2m ($51.2m) that was previously written off because of potential future losses in the LNG shipping business. Mr Lawrence Urquhart, Burmah managing director, said this would, in effect, give an £11m boost to profits this year consisting of a £6m write-back, and £5m which had been expected to be charged against profits.

The potential losses in the business came from a mismatch of financing and gas transportation contracts.

Financing for eight vessels used in the transportation of gas between Indonesia and Japan ran for 25 years, while contracts ran only for 20 years; the first expiring in 1996.

With the participation of Mitsui OSK, shareholders of which include companies in the LNG trade in Japan, Mr Urquhart said he was confident the vessels would be used throughout the 30-year period for which they were designed.

Loss of profits because of the sale of 50 per cent of the business, Burmah said, would be fully compensated for by reinvestment of cash raised in the transaction. The LNG business had a 1988 turnover of £67.7m, and trading profits of £12.4m. Burmah's total pre-tax profits last year came to £146.2m.

Mr Urquhart said that Mitsui had wanted to purchase all the operation, but Burmah wished to remain in LNG transportation with its new Japanese partner. Burmah had no specific plans for cash raised in the deal, but would continue with its programme of acquisitions in its lubricants and chemicals businesses.

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Blue Circle in Tolteca sale talks

By John Thornhill

BLUE CIRCLE Industries, Britain's biggest cement manufacturer, is holding talks for the sale of its interest in two companies operating in Mexico and the west of the US. Analysts believed the possible disposals could raise £180m.

The two companies concerned are Tolteca, a Mexican cement, concrete and aggregates maker, in which Blue Circle owns 49 per cent of the share capital and convertible debentures equivalent to 9.1 per cent of the equity, and BC West, a wholly-owned subsidiary which encompasses Blue Circle's operations in Arizona and California and acts as an outlet for Tolteca's products.

Blue Circle said it was holding the discussions with ICA, a large Mexican construction company, and Mr Bernardo Quintana, Tolteca's chairman.

Chase expects European profit

By William Dullforce in Geneva

CHASE Manhattan Corporation has almost completed a two-year restructuring of its European activities and expects them to turn in a profit in 1989, Mr David Rockefeller, chairman of Chase's international advisory committee, said here yesterday.

Last year Chase Manhattan posted a $11m loss on its operations in Europe, the Middle East and Africa. This included a $48m write-off resulting from its decision to withdraw from equities market-making in London. In 1986 the bank disclosed a $96m loss on Europe, Middle East and Africa.

Mr Rockefeller was visiting Geneva to mark the 25th anniversary of the start of the big US bank's operations in the city and the 20th anniversary of the founding of its Geneva subsidiary. Over the last few months Chase has withdrawn from securities trading and underwriting markets in Switzerland, centred its corporate and treasury business in Zurich and consolidated its private banking in Geneva.

Restructuring in Europe started two years ago when Chase closed down its branches in West Germany apart from those in Frankfurt and Hamburg. It has since sold off its commercial banking interests in the Netherlands and Belgium.

A retail presence in Europe is maintained through Chase's Visa and MasterCard business.

Mr Rockefeller stressed that Chase was not "pulling back" in Europe and intended to remain "one of the handful of banks that are truly international."

But, he said, with European banks themselves spreading across borders on the Continent, the situation had become more competitive and it made no sense for Chase to be challenging big local banks for domestic business in such countries as Belgium.

Technological advances had made it possible to concentrate European back-office activities at Chase's operations centre in Bournemouth in the UK, which was set to grow from its present 900 employees to some 1,500. But this development represented a redeployment, not a diminishing of Chase's business in Europe, Mr Rockefeller said.

Mr David Gibson-Moore, chairman of Chase Manhattan (Switzerland), said the group's private banking operations in Europe were being focused on London and Luxembourg inside the European Community and on Geneva, Jersey and Monaco outside the EC. Geneva was management headquarters for private banking in Europe, the Middle East and Africa and remained substantially the largest unit.

Chase had seen no major drift away from Switzerland among its clients as a result of the weakening of the Swiss franc and money-laundering scandals. Swiss bank secrecy remained an important factor in clients' choice, Mr Gibson-Moore said.

Kao expands in W Germany

By Haig Simonian in Frankfurt

KAO Corporation, a leading Japanese soap and cosmetics group, is to buy Goldwell, a privately-owned West German hair care company, for DM270m ($139m) in a deal marking a further important expansion in Kao's activities in the European personal care market.

Mr Hans Erich Dotter, who founded Goldwell in 1948, is selling Kao 75 per cent of the Darmstadt-based company, with an option to buy the remaining 25 per cent at a later date. The German group, which is one of the world's largest suppliers of hair-care items to hairdressers, expects sales to top DM330m this year. Further sales of over DM200m are generated on products bearing Goldwell's name manufactured under licence.

Kao's present representation in Germany is restricted to a 50 per cent stake in Guhl, a West Berlin-based cosmetics company, which it owns jointly with Beiersdorf.

Access to Kao's high-technology manufacturing and distribution networks, which will allow Goldwell to expand its international sales beyond the 25 countries in which it is currently represented, helped cement the deal.

The acquisition marks a further concentration in the West German branded-goods personal care market following the acquisition of Blendax by Procter & Gamble of the US in 1987 and last month's purchase of Betrix Cosmetic by Revlon, also of the US.

Berlusconi buys Bouygues stake

MR Silvio Berlusconi, the Italian television entrepreneur, has acquired a 2 per cent stake in Bouygues, worth about FFr160m ($24.4m) for the leading French construction and communications group, writes Paul Betts in Paris.

Bouygues through TF-1 controls between 40-45 per cent of the French TV market – similar to Mr Berlusconi's share of the Italian market.

Strong first-quarter gain for Ericsson

ERICSSON, the major Swedish telecommunications equipment group, announced yesterday a substantial increase in profits before appropriations and tax for the first three months of 1989, writes Robert Taylor in Stockholm.

They rose from SKr71m in the first quarter of 1988 to SKr609m ($93m). The huge jump between the two periods is due to the damaging impact of a white-collar strike early last year.

A better indicator of the continuing recovery of the company are the order book figures. These amounted to SKr9.3bn for the first quarter of 1989 compared with SKr6.91bn a year earlier, an increase of 34 per cent. Net sales also climbed dramatically, from SKr5.9bn to SKr7.9bn.

Addressing the company's annual meeting last night Ericsson's chief executive Mr Bjorn Svedberg confirmed his earlier forecast for continued improvement in both income and profitability for the company during 1989. But he also warned that the Swedish Government's recent proposal to increase payroll taxes could cost Ericsson SKr220m over the next two years.

Montedison surges

Montedison reveals net earnings of L630bn ($446m) for 1988, up 54 per cent from 1987's L409bn. It is lifting the common share dividend by L10 to L50, AP-DJ reports.

The company, Italy's largest private-sector chemical group, said that revenue from continuing operations rose 21 per cent to L14,122bn. The Ferruzzi Group consolidated its control over Montedison, raising its stake to 45 per cent from 42 per cent.

Cautious optimism at Solvay

By Tim Dickson

SOLVAY, THE leading Belgian chemicals group, yesterday painted a rosy picture of medium- and long-term prospects, while remaining cautious about the profits outlook for 1989.

Mr Daniel Janssen, chairman, said it was difficult at this stage to forecast the year's results but added there was "no reason to believe that the 1989 figures will be lower than those of 1988."

"A good year for us," he explained, "would certainly be to maintain the profits achieved in 1988 which in our view were very high."

Solvay's sales, as announced last month, rose to BFr253.5bn ($6.9bn), while net earnings jumped by 24 per cent to a record BFr15.1bn.

Mr Janssen said that today the chemical industry was enjoying strong growth and high capacity utilisation. While there was likely to be some slackening of growth in the medium-term, particularly in the US, Solvay was capable of absorbing any inflationary pressures and oil price rises.

As for 1992 and beyond, the group would derive cost benefits in transport and communications thanks to European unification, and was well placed to benefit from growth as an established "single market" operation.

The company is in good financial health to take advantage of opportunities and step up capital spending. Mr Janssen explained. Net borrowings as a percentage of shareholders funds were 50.6 per cent in 1982, but today "gearing" was 12.8 per cent.

INTERNATIONAL COMPANIES AND FINANCE

Bond hits at critics by pledging asset sales

By Bruce Jacques in Sydney

MR ALAN BOND, the Perth brewing and media tycoon, yesterday hit back hard at critics of his debt-laden Bond Corporation, pledging further asset sales and a strong earnings result for the current year.

He was addressing a Brisbane economic forum amid yet another day of rapid developments in his corporate empire. These included notification from the Australian Broadcasting Tribunal that it will deliver its finding on Mr Bond's fitness to hold broadcasting licences on May 26.

Mr Bond told the Brisbane forum that asset sales in the past six months had raised more than A$3bn (US$2.3bn), and further disposals would follow. But the only future sale he specified involved an 18 per cent interest in Bond International Gold, (BIG) which is held by his family company, Dallhold Investments.

BIG yesterday reported nine-month net profits of US$18.6m on sales of $151.9m. Attributable production was 348,000 oz.

Meanwhile Mr Michael Cross, Dallhold's executive director, said yesterday the company had scrapped its US$325m bid to reopen the Nonoc nickel mine in the Philippines.

This followed a Justice Department ruling in Manila that the complex must be 60 per cent Filipino-owned. Mr Cross said Dallhold had been a bidder only if it could retain a satisfactory level of control because bank funding was based on this.

Mr Bond told the forum that market speculation of a bid to take Bond Corporation private was incorrect and market concerns about the group's liquidity would be allayed by imminent earnings figures.

Mr Bond styled the group as a pioneering company with a strategy of dominating its markets worldwide by using financial markets. "In doing this, we have risked criticism because we have been pioneers," he said.

Mr Bond said Australian companies needed strong government if they were to take full advantage of international opportunities. "And it requires a domestic media that reports on commercial and political affairs with maturity and responsibility."

But, true to form, just as Mr Bond was talking about selling assets, his property division announced a tender for redevelopment of a major Sydney theatre complex, involving a purchase of the freehold. Bond shares yesterday eased 3 cents to A$1.25 after a 17 cent gain on Monday, and Bond Media shares were off 1 cent to 33 cents.

● Bell Resources said it has responded to a request by the Australian Stock Exchange for further information about plans for Bond Corporation to repay A$700m of the A$884.5m it owes Bell, Reuter adds from Perth.

Current receivables of A$700m were due from Bond with security in the form of first-ranking mortgages over certain promissory notes, receivables, shares and securities of the Bond group, Bell told the exchange.

Interest was 130 basis points over the Australian bank bill swap reference rate for 30-day bills on the first day of each month. The rate averaged 17.23 per cent yesterday.

Non-current receivables from Bond Corporation amounted to A$194.5m. These included a A$100m subordinated loan to Bell Group, another Bond-controlled company, and was repayable by August 1992. The loan is subordinated to all other creditors of the group.

The A$100m carried interest at 150 basis points over the Westpac indicator (prime) rate, now 18.75 per cent, payable monthly in arrears.

Another A$46.8m was due from Bell Group and A$47.7m from Bond Corp, both unsecured and with no repayment date. The rate on these was 150 basis points over the bill rate and the bill rate respectively.

Undertakings from Bond Corp included not changing parts of the Bond group structure and retaining certain assets. It had also to provide audited accounts, maintain certain financial ratios and enter into negative pledges.

ICI Australia raises payout

By Our Financial Staff

ICI AUSTRALIA, the 62.4 per cent quoted subsidiary of the British chemicals group, boosted net profits 13 per cent to A$88.6m (US$68.2m) in the six months to March on a 10 per cent rise in sales to A$1.49bn.

It is lifting the interim dividend substantially, to 18 cents a share from 11 cents. This is paid from net earnings of 30.6 cents against 27.3 cents. The attributable outcome for the previous first half was held back by a A$20.2m extraordinary charge. None was incurred this time.

Mr Michael Deeley, managing director, said growth should now improve as the first half was hampered by adverse currency movements, lengthy plant shutdowns for maintenance, strikes, and bad weather which hit the company's fertiliser business.

Koito defeats 'greenmail' to gain Y1.2bn windfall

By Stefan Wagstyl in Tokyo

KOITO Manufacturing, the Japanese car parts company in which Mr T. Boone Pickens of Texas has taken a stake, yesterday made a windfall Y1.2bn ($8.7m) profit out of the interest speculative investors have taken in its affairs.

The company turned the tables on Mr Kitaro Watanabe, a Japanese speculative investor who tried to greenmail Koito before selling his stake earlier in March this year to Mr Pickens.

Under the terms of a law introduced last October, Koito has secured from Azabu Construction, a company run by Mr Watanabe, all the profits it made trading Koito shares from November 1988 to February this year.

The law is designed to curb greenmailing – that is, buying shares in order to force a target company to buy them back at a high price.

It requires holders of stakes of more than 10 per cent to disclose them. Offenders are required to hand over to the company in which they have bought stock all the gross profits made in dealing in that company's stock.

Offenders are not permitted to offset against such profits any losses incurred on other dealings in the same company's stock. Azabu Motor's estimated losses were Y1.4bn.

Koito said it received yesterday Y1.2bn from Azabu Construction in accordance with the law. It appears that Azabu paid over the money voluntarily since the case has not been before the courts.

Meanwhile, Koito continues to oppose Mr Pickens' attempts to win for Boone Co, his private investment company, any role in Koito's management. The stake he acquired from Azabu is 20.2 per cent, slightly larger than that of Toyota Motor, Japan's largest industrial company, which nominates three directors to Koito and has great influence of its management.

Ricoh leaps by 18.1% to record Y31.98bn pre-tax

By Robert Thomson in Tokyo

RICOH, the Japanese office automation and information equipment company, yesterday reported an 18.1 per cent rise in annual pre-tax profit to a record Y31.98bn ($233.1m) after solid growth in domestic sales.

A fall of 0.1 per cent in exports reflected the company's policy of increasing offshore production, while total sales rose 7.6 per cent to Y602.7bn in the year to March.

During the period, domestic sales rose 12.1 per cent, while sales of copiers grew 5.3 per cent and information equipment 9 per cent. Sales of electronic parts and other items increased 44.4 per cent.

The previous profit record of Y28.87bn was set in 1985. Since then the company has been shifting mainline copier production overseas and researching new products in Japan. It is predicted that profits will rise 3 per cent this year on a 9.5 per cent increase in sales.

● Citizen Watch, Japan's second-largest specialised watchmaker, doubled its annual pre-tax profit to Y15.69bn from Y7.83bn after a significant increase in exports and strong sales of industrial clocks in the domestic market.

Sales for the March year were Y182.7bn, up from Y162.1bn. The company expects that figure to rise to Y190bn in the current year. About 67 per cent of production is exported, while wristwatches still account for 62 per cent of sales despite growth in machine tools.

Bid launched for Goliath

By Our Financial Staff

AUSTRALIAN CEMENT, a company owned jointly by the country's CSR and Pioneer International industrial groups, yesterday launched a A$170m (US$132.3m) bid for Goliath Cement Holdings, a *Tasmania*-based supplier.

The move would further concentrate the Australian cement industry in which the other main operator is Boral, the building products group. Foreign imports have heightened competition, however.

The bidder already holds 20.5 per cent of Goliath while Sir Ron Brierley's Industrial Equity has 15.4 per cent. CSR and Pioneer have extensive pre-mixed concrete operations and are big customers of Goliath.

The price per share offered is A$1.70, against which Goliath shares closed yesterday at A$1.75. The offer is conditional on 50.1 per cent acceptances.

Hankyu moves ahead 12.2%

HANKYU Department Stores, reflecting healthy consumer clothing and household goods sales, yesterday reported an unconsolidated 12.2 per cent pre-tax profit rise for the year ended March to Y8.21bn ($59.8m), AP-DJ reports from Tokyo.

The chain, with large outlets in Tokyo, Kobe, Kyoto and other Japanese cities, noted that clothing sales were particularly strong, rising 8.6 per cent to Y125.3bn.

Household goods were up 5.8 per cent to Y32.9bn. This took overall sales to Y813.8bn, up 6 per cent.

Net earnings per share rose to Y24.57 from Y22.53.

The company forecast that sales in the current year would increase to Y329bn. It said that pre-tax earnings would reach Y8.25bn.

Wellcome considers counter drugs unit

By Peter Marsh

WELLCOME, the British pharmaceuticals company, is considering setting up a new division to boost sales of over-the-counter medications. These are drugs which can be purchased through pharmacists and other retail outlets without a doctor's prescription.

Wellcome already gains about a fifth of its annual revenues of some £1bn ($1.64bn) through sales of such formulations, mainly products to treat coughs, colds and other minor ailments. It hopes to increase those sales, possibly by producing over-the-counter versions of its existing prescription products.

One specific possibility would be to make a non-prescription form of Zovirax, a drug which combats herpes. Managers at Wellcome believe that could be successfully marketed for treating other, less serious, ailments including minor skin disorders.

The move, which the company's directors are to consider next month, would be aimed mainly at countries in continental Europe. Wellcome believes there are big opportunities for increasing its presence in over-the-counter drugs in this region, especially in West Germany and Italy.

Non-prescription medicines are growing in importance worldwide. They account for global sales of about £10bn a year, or roughly one-eighth of the total pharmaceuticals market.

Their use is growing rapidly as people in many countries increasingly treat health problems by drugs which they buy themselves. Another factor is the desire by many big pharmaceutical companies to put marketing resources behind branded products which can be sold directly to consumers.

That reduces the likelihood of sales being affected by cost-cutting measures by government healthcare agencies. These organisations, which in Europe foot the bill for most prescription products, are in many countries taking steps to minimise drugs spending.

John Robb: takes over as chief executive next year

Leaders in sales of over-the-counter medications are mainly US companies, including American Home Products, Procter & Gamble and Johnson & Johnson.

Wellcome's desire to make a push in this field is thought to have been spurred partly by the appointment as deputy chief executive of Mr John Robb, a marketing-oriented drugs industry manager, previously group managing director at Beecham, a UK pharmaceutical company with a strong non-prescription business.

Mr Robb is expected to take over as chief executive at Wellcome following the retirement next year of Sir Alfred Shepperd.

Beecham seeks rapid rise in sales of new heart drug

By Peter Marsh

BEECHAM, the UK pharmaceutical company, is setting the price of a new drug for treating heart attacks at about half that of a major rival in an attempt to build up rapidly a market share in this field.

The drug, called Eminase, was formally launched on the British market yesterday and is one of a relatively new class of products called thrombolytics.

These are given to patients shortly after they suffer heart attacks. They can prevent death by quickly dissolving the blood clots which, in these patients, threaten to cut off circulation.

Beecham, which is in the process of merging its pharmaceutical operations with the US's SmithKline Beckman to create one of the world's largest healthcare groups, believes Eminase can reduce deaths from heart attacks by up to half if administered soon enough. Some 100,000 people in Britain die from these conditions each year.

Beecham said yesterday it would sell Eminase, which was developed in the company's UK laboratories, for £495 ($812) a dose. This is roughly half the price of a major rival to Eminase – a drug called Activase which has been developed in the US by Genentech, a US biotechnology company, and is sold in Europe by Boehringer Ingelheim of West Germany.

The British company hopes the lower price will make the product more attractive to hospitals and health authorities than Activase, which costs £900 in Britain.

Another advantage, according to Beecham, is that Eminase can be given to patients at the scene of a heart attack by an injection. Activase, in contrast, has to be slowly infused into a person's veins in a more complex procedure which has to take place in an operating theatre.

Activase has built up sales rapidly in the US, where it became available in 1987 and where it had sales of about £100m in its first year. Revenues from Activase in Europe have, however, been relatively meagre.

Both Eminase – already available in some European countries such as West Germany but not in the US – and Activase face competition from other, much cheaper products which have the generic name streptokinase.

These drugs, which have been available for some years, also dissolve blood clots but are thought by some observers to be more difficult to administer and to have more side effects than the newer products.

But streptokinase has the advantage of being much cheaper at about £100 a dose. Two of the leading suppliers of streptokinase are Hoechst of West Germany and KabiVitrum of Sweden. These two companies are thought to account for the lion's share of annual European sales of streptokinase, which are running at about £20m.

Some analysts believe that the effectiveness of streptokinase can be improved by administering it with aspirin, another very cheap medication.

The eventual share of the thrombolytics market that streptokinase takes compared with the newer formulations will depend to a large degree on the results from scientific studies which are looking at the exact effects of all three products.

A heart drug born of a 'crazy idea,' Page 18

PKI share trading suspended

By Our Financial Staff

THE supervisory board of Philips Kommunikations Industrie (PKI), part of the West German arm of the Dutch electronics and electrical group, plans to release a major statement today.

The move follows yesterday's suspension of the company's share price. PKI is owned over 70 per cent by Allgemeine Deutsche Philips Industrie, a subsidiary of Philips NV.

Yesterday the talk in both the German and the Dutch stock markets suggested that Philips might attempt to buy out the 30 per cent minority interest.

No comment was immediately available from PKI. In January this year Philips said that it had no plans to raise its 70 per cent in PKI after rumours about such a move had circulated on the Frankfurt bourse.

Philips said at the time that it could not comment on the distant future "but there are no immediate plans to raise our stake."

On Friday PKI shares changed hands at DM693 ($357) in Frankfurt. German share traders also speculated that Robert Bosch, the German electronics group, had been looking into the possibility of buying into PKI.

Yesterday an official at Bosch, which is a private company, declined comment on the rumour.

Agie recovers strongly to SFr13.5m

By William Dullforce in Geneva

AGIE, the Swiss machine tool group, yesterday reported a strong recovery in consolidated net earnings to SFr13.5m ($7.9m) in 1988 from SFr2.4m in the previous year.

Sales climbed by 15.2 per cent to SFr338m. The trading profit before personnel costs at SFr152m was 14.5 per cent higher than in 1987, while cash flow more than doubled to SFr30m.

Agie, the world leader in electrical discharge machining equipment, said it had maintained its strong position in Europe and had achieved excellent results in the Comecon countries of Eastern Europe in 1988.

Sales in the US had been "satisfactory" while deliveries to the Asian zone were still "unsatisfactory."

At the end of 1987 Agie took over Elox, the electrical discharge tool division of Colt Industries in the US. Elox will start delivering a new generation of machines designed for the US market in 1989, Agie said.

Three subsidiaries developing laser technology are still not contributing to group earnings. Agie Holding, the parent company in Zug, operates a fiscal year ending March 31, and has not yet reported its results or indicated the shareholders' dividend.

INTERNATIONAL CAPITAL MARKETS

IBJ to take stake in US leasing specialist

By Stefan Wagstyl in Tokyo

INDUSTRIAL BANK of Japan, Japan's largest long-term finance bank, is planning to expand its international operations by taking a 20 per cent stake in D'Accord, a US leasing specialist.

IBJ said the deal would probably be completed in the summer, once the Japanese and US banking authorities had approved it. The bank would not comment further on the transaction.

D'Accord is a privately-owned company based in San Francisco and founded in 1977. IBJ is understood to be planning to establish a leasing joint venture with D'Accord in Tokyo. The acquisition fits into IBJ's strategy of expanding non-banking businesses to compensate for a decline in the bank borrowing needs of its traditional customers, Japan's large industrial companies.

The bank has already built one of the largest overseas securities operations of any Japanese bank, preparing for the day when banks will be allowed into the domestic securities business in Japan.

Several banks have seized on leasing as an attractive market, including Tokai Bank, which last year bought Masterlease, a US group, and Long Term Credit Bank. IBJ, like other Japanese houses, is particularly interested in aircraft leasing, a $20bn-a-year market which could grow to $250bn in 10 years, according to some Tokyo analysts, because of the need of airlines to replace ageing fleets.

Mitsubishi Trust seeks LSE listing

By David Lascelles, Banking Editor

MITSUBISHI Trust & Banking Corporation, Japan's largest trust bank, is to seek a listing on the London Stock Exchange next month.

The listing application, which is being sponsored by S.G. Warburg Securities, will widen Mitsubishi's shareholder base at a time when it is expanding its overseas activities and seeking to diversify its investments, according to Mr Yoshiyuki Yanase, director and general manager of the London branch.

Although the bank was adequately capitalised at the moment, its rapid expansion meant it would need further capital in the future.

Mitsubishi, which had available funds of Y22,100bn ($161bn) at the end of March 1988, has said it will report profits of Y77.3bn ($563m) for its latest financial year, an increase of 19 per cent.

Mitsubishi Trust offers a wide range of banking, merchant banking and trust services. Among its international specialisations are property and aircraft finance. The bank is the main shareholder in GPA, the world's largest aircraft leasing company, based in Ireland.

US broking arbitration broadened

By Janet Bush in New York

INVESTORS will find it considerably more difficult to sue their brokers after a US Supreme Court decision which broadened the binding power of arbitration procedures.

By a five to four vote, the Supreme Court took the unusual step of overturning an earlier 1953 ruling that said arbitration agreements, which many investors have to sign before signing on with a broker, should not be viewed as binding.

The Supreme Court ruled in 1987 that disputes under section 10(b) of the anti-fraud provision of the Securities Exchange Act of 1934 would be binding under arbitration procedures.

This week's decision broadened the 1987 ruling to include section 12(2) of the 1933 Securities Act, a narrower provision but one increasingly used by investors to sue their brokers after the 10(b) avenue was closed.

The Supreme Court's decision was greeted with pleasure by the Securities Industry Association which represents brokers. The SIA said the ruling cleared up much of the confusion since 1987 when federal and state courts have interpreted the law in conflicting ways.

The ruling comes as a disappointment to investors who often feel binding arbitration puts them at a disadvantage in pursuing complaints against their brokers.

Finance world feels force of Japanese personalities

Ian Rodger on the rise of international negotiators

NOT so long ago, top bankers and finance ministry officials around the world would have payed little or no attention to the Japanese Government's annual ritual of shifting its top bureaucrats.

The individuals involved did not seem particularly memorable and the policies seemed to be the same regardless of who was administering them.

With Japan's rise to economic superpower status, all that has changed. Even if the policies still stay largely the same, the chemistry of international financial negotiations can be affected by the personalities of the Japanese officials involved.

Thus, a big question in financial circles these days is what will happen next month after Mr Toyoo Gyohten, the suave vice-minister of finance for international affairs, steps down and is replaced by Mr Makoto Utsumi, now director of the finance ministry's international finance bureau.

The two could hardly be more different. Mr Gyohten is a negotiator at heart, always trying to bridge differences; Mr Utsumi an imaginative virtuoso, eager to propose and try out new ideas. Mr Gyohten has spent two-thirds of his career on international matters; Mr Utsumi has specialised in taxation and has worked in a liaison role with the domestic political world.

Another question is what will happen to Mr Gyohten, who is still a healthy 58 and has often been mentioned as an ideal first Japanese occupant of a top post in an international financial institution, such as the International Monetary Fund or the World Bank.

There was some speculation that he might become president of the Asian Development Bank, a job over which the Japanese Government exerts some influence, but that was taken two weeks ago by Mr Kimimasa Tarumizu, a retired MoF official who is now president of Japan's investment trust industry association. Mr Gyohten is expected to be appointed an adviser to the finance minister for a few months or longer until something more interesting turns up.

Later in the year, Mr Satoshi Sumita, the unflappable governor of the Bank of Japan, will retire, probably to be replaced by Mr Yasushi Mieno, currently the senior deputy governor, in a rare case of direct promotion from within the bank. Mr Sumita came from the MoF.

However, most interest is focused on Mr Utsumi, the jolly-looking but intense man who is about to become Japan's top international negotiator on financial matters. He is already well known in financial circles both in Japan and abroad.

For the past three years, his has been the hand on the button that signals the Bank of Japan to intervene or not in the often volatile foreign exchange markets and he must get some of the credit for the authorities' success in outwitting speculators and maintaining a degree of calm in the markets in the past two years.

Part of his success may be his early demonstration of a willingness to take drastic action if he felt the situation warranted it.

One morning in May, 1987, when the dollar was showing unusual weakness, he resorted to the unprecedented step of summoning the heads of all the big Japanese securities companies, banks and investment trust companies to his spacious office, asked that they refrain from speculative trading in foreign exchange markets and demanded daily reports henceforth on their transactions.

He then called in successively the Japanese financial press and foreign financial correspondents to tell them what he had done.

Critics said at the time it was a flamboyant but futile gesture because the institutions could simply move to other markets to carry out their speculative transactions.

A few months later, he lashed out publicly at European Commission president Mr Jacques Delors for saying the US was prepared to see the dollar sink further. "It is a pity that Delors and some former US government officials who are no longer participants in major industrialised nations' currency discussions have misguided foreign exchange markets," Mr Utsumi said.

Prior to his appointment to the foreign exchange hot seat, he was minister in the Japanese embassy in Washington, where he was involved in negotiations with the US leading to the Plaza Agreement to revalue the yen in 1985 and established good relations with US financial officials.

He also has excellent contacts in the Japanese political world, having spent a considerable period in the 1970s in a liaison role in the prime minister's office. Early in his career, he spent four years in the Japanese embassy in Brussels. He speaks both English and French well, but his heart comes out more freely in French.

Mr Utsumi has long been known as a man bubbling with ideas, some of which, such as a proposal in 1979 for a green card registration for tax-exempt savings accounts, prove fruitless. A leading politician once gave him the nickname of "Manpachi," implying jokingly that only eight of every 10,000 ideas he came up with were successful.

He may need an even better record in his new job.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Closing prices on May 16

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alberta 9½ 95	600	99½	100	-0⅛	+1	9.41
Austria 9⅝ 93	140	100⅜	100⅞	-0¼	+0¾	9.41
B.F.C.E. 7 92	150	93½	94	-0⅛	+0⅝	9.57
B.F.C.E. 9¼ 95	150	98⅝	99⅛	-0⅛	+1⅛	9.47
Brit. Tel. Fin. 9⅛ 98	250	98¾	99⅜	-0⅛	+1¾	9.52
Campbell Soup 9⅛ 93	100	†97¼	97⅝	-0⅛	+0⅝	9.85
Canada 9 96	1000	100	100⅜	-0⅛	+1	8.96
Canadian Pac 10¾ 93	100	†101½	102½	0	0	10.11
C.C.C.E. 9¼ 95	300	98¾	99⅛	-0¼	+1	9.44
C.N.C.A 9⅞ 93	150	99¾	99¾	-0⅛	+0⅞	6.46
Credit National 8¾ 93	200	95⅞	96⅜	-0⅛	+0¾	9.47
Credit National 7⅞ 92	100	94½	95	-0⅛	+0½	9.50
Credit National 9½ 92	160	100½	101	-0⅛	+0¾	9.21
Dai-Ichi Kan 9⅝ 92	150	99⅝	100⅛	0	+0⅝	9.63
Denmark 7⅛ 92	500	93¾	94⅜	-0⅛	+0⅝	9.65
E.E.C. 7 91	100	94½	95	-0⅛	+0⅝	9.37
E.E.C. 7¼ 93	250	93	93⅜	-0⅛	+0¾	9.47
E.E.C. 10 93	140	102	102¼	-0⅛	+1	9.31
E.I.B. 7⅝ 93	100	93⅛	93⅝	-0¼	+0⅞	9.45
E.I.B. 9⅜ 97	150	99¾	100⅛	-0⅛	+1⅛	9.36
Eurofima 10⅛ 93	100	†102⅜	102¾	-0⅛	+0⅞	9.30
Elec.De France 9 98	200	97⅛	97½	-0¼	+1⅝	9.46
Elec. De France 9½ 99	200	99¾	100⅛	0	0	9.51
Finland 7¾ 97	200	91¼	91¾	-0⅛	+1	9.46
Finn.Exp.Cd. 8½ 92	200	97	97½	0	+0⅝	9.63
Finn. Exp. Cd. 9⅜ 95	200	99	99⅝	-0⅛	+1⅝	9.54
Ford Motor Credit 8 91	250	†96⅝	97⅛	-0⅛	+0⅝	9.90
Ford Mtr. Credit 10 92	200	†101	101⅜	-0⅛	+0⅜	9.51
Gen.Elec.Cap.Corp. 9 93	500	†97⅝	98⅛	-0⅛	+0⅝	9.57
Gen.Elec.Cap.Crp.10 1/2 91	300	101½	102	-0⅛	+0½	9.39
Gen. Mtrs.Corp. 9⅛ 92	200	98⅛	98⅝	-0⅛	+0¾	9.72
IBM Credit Corp. 8⅞ 91	250	98½	99	+0⅛	+0½	9.42
IBM Credit Corp. 9½ 92	250	100	100½	0	+0⅝	9.36
IBM Credit Corp. 10 92	200	101½	102	-0¼	-0¼	9.30
Italy 9½ 95	1000	99¾	100¼	-0⅛	+1	9.48
Italy 9⅝ 99	1000	†100¼	100⅝	0	+1⅛	9.55
Japan Dev. Bank 10 96	200	103⅞	104⅜	0	0	9.18
L.T.C.B. of Japan 9¾ 92	200	98¾	99¼	+0¼	+0⅝	9.56
Metropolis Tokyo 9½ 93	200	100⅛	100⅝	-0⅛	+0⅝	9.34
Nippon Tel.&Tel. 9⅜ 98	250	99⅛	99⅝	-0⅛	+1⅛	9.46
Norway 8¾ 95	500	97⅝	98⅛	-0¼	+0⅝	9.42
Portugal 8¾ 91	300	†96⅞	97⅜	0	+0⅜	10.00
Prudential Crp. 8¾ 94	125	98½	99	-0⅛	+1⅝	9.05
State Bk S Aust 9¼ 93	100	†98⅝	99⅛	-0⅛	+0⅞	9.59
Sumitomo Bank 9⅝ 92	150	†99⅝	100⅛	-0¼	+0½	9.63
Sweden 7 91	250	94½	95⅛	-0⅛	+0⅝	9.52
Sweden 8¾ 96	200	96⅝	97⅛	-0⅛	+1	9.38
Sweden 8½ 92	200	†96⅞	97⅜	-0⅛	+0⅝	9.54
Toyota 9½ 91	200	99½	100	0	+0⅝	9.56
Victorian Rep 11⅛ 92	150	104⅜	104⅞	0	+0⅝	9.74
World Bank 7 92	300	†94¼	94¾	-0¼	+0½	9.37
World Bank 9 97	300	97½	97⅞	-0⅛	+1¼	9.39
World Bank 9 93	300	99⅛	99½	-0¼	+1	9.17
World Bank 9¾ 98	300	98⅝	99	-0⅛	+1¼	9.44
World Bank 9⅝ 99	500	101⅛	101⅜	0	+1½	9.41

Average price change... On day -0⅛ on week +0⅞

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. BK. 6 94	200	94½	95¼	-0⅛	-0⅝	7.13
Austria 6¼ 99	750	96⅝	96⅞	-0⅛	-0½	7.22
Bank of Tokyo 5¾ 93	100	95¼	95¾	-0½	-1½	7.14
Commerzbank o/s. 5⅜ 93	300	95	95½	-0⅛	+0⅛	6.88
Credit Foncier 6¾ 99	500	96½	96¾	-0⅛	-0⅜	8.26
Degussa Int. 6⅛ 97	200	94⅝	95⅜	-0⅛	-0⅜	6.94
E.I.B 5½ 98	150	88⅝	89⅛	-0½	-1⅛	7.25
E.I.B. 6¼ 99	600	93¼	93⅞	0	-0⅝	7.20
E.I.B. 6⅛ 96	300	94⅛	94¾	-0⅛	-0½	7.15
E.I.B. 6½ 99	300	94⅞	95⅝	-0⅛	-0⅛	7.19
E.I.B. 6⅞ 95	300	98⅝	99⅛	-0⅛	-0½	7.06
Euro.Coal& Steel 5⅞ 97	175	92⅛	92⅞	0	-0⅜	7.16
Eurofima 6¼ 96	100	94⅛	94⅞	-0½	-0¼	7.27
Elec De France 5⅞ 97	300	92⅛	92⅞	-0¼	-1	6.99
Forsmark Krtg. 5⅛ 93	200	92⅞	93⅝	0	-0⅛	7.22
Hydro-Quebec 6¾ 99	300	96⅝	96⅞	0	-0⅝	7.22
Japan-Dev. Bk. 5⅝ 95	300	92⅞	93⅜	0	-0⅝	6.79
Japan Finance 5¾ 97	100	91⅞	92⅝	-0⅛	-0¼	7.08
Ireland 6½ 97	300	95¼	95¾	-0¼	-1⅛	7.26
Malaysia 6¼ 94	150	96⅝	97⅜	-0½	-1	6.96
Nat. West BK. PLC 6 98	300	92⅛	92⅞	-0⅛	-0¼	7.16
N.H.L. Finance 6¼ 95	200	—	—	—	—	—
Nippon Telg.&Tel. 6 95	400	95⅜	96⅛	-0¼	0	6.38
Oesters. Kontbk. 5 93	300	94¼	94⅞	0	-0⅛	6.67
Portugal 5¾ 92	150	96⅞	97⅝	-0¼	-0¾	6.72
Portugal 6⅝ 95	150	98¾	99⅜	0	+0⅜	6.79
Privatbanken 5¼ 93	150	93⅛	93⅞	-0⅛	-0⅝	7.27
Royal Insurance 5½ 92	300	96	96½	+0¼	-0½	6.97
Soc Cent Nuclear 7¼ 95	150	100¼	100⅞	+0¼	0	7.11
Turkey 6½ 95	300	95⅛	95⅞	0	-0¼	7.46
Union Bk.Finland 5½ 94	200	93¾	94¼	-0¼	-0¾	7.04
Westlb. Finance 5 93	200	†92⅞	93⅜	0	-0¼	7.12
World BK. 6¼ 97	600	94½	95¼	0	-0⅛	7.48

Average price change... On day -0⅛ on week -0½

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev.Bk. 5 96	150	†91½	92	-1	0	6.46
Asfinag 5 03	100	†85	86	-0½	-1⅝	6.60
B.F.C.E. 4½ 98	200	†89	90	-0¼	+0¼	6.02
B.M.W.Fin.Neth. 5 13	150	†86	87	-0¼	-0⅛	6.08
Britannia B/S. 4¼ 94	100	†88½	88¾	-2¾	-1¾	6.99
CIR. Int. W/W 3 93	125	†89	89¼	-1	-1	6.02
Credit Lyonnais 4¾ 00	100	†84½	85	-0¾	-0⅛	6.75
E.I.B 4⅝ 98	150	†88½	89	+0¼	+0½	6.28
Fletcher Chall. 4⅞ 98	150	†88	88½	-0⅛	+0½	6.67
Kobe City 4⅜ 98	150	†90	90¼	+0½	-0⅜	6.06
Leeds Perm. B/S. 4⅛ 93	200	†91½	92	0	+0¼	6.58
Malaysia 5⅛ 98	100	†82½	83½	+3	-6⅞	7.93
Maxwell Comm.Crp. 5 95	150	†84	85	-3	-4	8.35
Nat.Bk. Hungary 5½ 94	75	†95¼	95½	-1	-1	6.50
Nationwide Ang.B/S. 4 93	200	†90½	92	-0½	0	6.50
Nippon Telg.&Tel. 4⅛ 95	200	*†92½	92½	0	-1⅝	5.70
Oesters.Ktbk. 5 03	75	†91½	91¾	+1⅝	+0½	5.88
Prov. Newfoundland 5 03	150	†89	91	+1½	+0⅛	6.05
Thailand 4⅝ 95	200	†91	92	0	0	6.33
World Bank 5 03	150	†85½	85¾	+0⅝	-0⅛	6.58

Average price change... On day -0⅛ on week -0¾

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Canada 6⅛ 91	80	101⅝	101⅞	0	0	5.05
Canada 5⅝ 93	80	102	102¼	+0⅛	+0⅛	5.04
Eurofima 5 1995	20	99⅛	99⅝	0	+0⅛	5.12
E.I.B. 4⅞ 93	30	99	99¼	0	+0⅛	5.13
Ireland 5⅛ 93	30	99⅞	100⅜	0	-0⅛	5.09
Norway 5⅛ 95	50	100¼	100½	0	+0⅜	5.05
Sweden 4⅝ 93	50	98	98¼	0	0	5.16
World Bank 5⅛ 98	10	99	99½	0	+0¼	5.23
World Bank 7 94	20	107⅞	108⅜	-0⅛	+0⅛	5.10

Average price change... On day +0 on week +0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey Nat.BS.10¼ 93 £	50	95	95⅜	-0⅛	+0⅜	11.91
Abbey Nat. 11⅝ 95 £	100	98¾	99¼	+0¼	+0⅜	11.84
Alg. Bk. Ned. 5½ 92 FL	150	95¼	95⅝	-0⅛	0	7.40
Alg. Bk. Ned. 5¾ 93 FL	200	95⅜	95¾	-0⅛	-0½	7.12
Austria 7½ 94 ECU	100	95⅜	95¾	+0⅛	+0⅛	8.66
Bk.Nova Scot.14⅜ 90 AS	75	96⅛	97⅛	+0⅛	+0⅛	16.85
Barclays Aus.13½ 91 AS	100	97⅛	97⅝	-0⅛	-0⅝	14.75
Belgium 8⅛ 94 Ecu	150	97¼	97¾	0	+0⅛	8.77
BP Capital 9¾ 93 £	100	94	94½	-0⅛	+0¼	11.65
British Airways 10 98 £	100	91⅞	92⅜	0	+0⅜	11.45
Buhrmann-Tet. 6⅜ 93 FL	100	96⅝	97⅛	-0⅛	0	7.26
Comm.Bk.Aust. 12⅝ 93AS	100	†92¾	93¼	-0⅛	+0¼	15.06
Coop.Ctr.Rabo.6¼ 93 FL	100	98⅜	98¾	-0⅛	0	6.71
CrLocalFrance 9¼ 92Ecu	100	101⅜	101¾	0	0	8.66
Deut.Bk.Aus. 13¾ 93 AS	125	98	98⅜	-0½	-1⅛	13.89
Deutsche Bk.Fin. 15 94 AS	100	101¾	102¼	-0¼	-0¼	14.39
Eastman Kodak 13 90 AS	100	96	96⅜	-0⅛	+0¼	16.43
E.I.B. 7 96 LFr	100	97	98	0	-0⅛	7.50
E.I.B. 9 99 Ecu	150	†99¾	100¼	—	—	9.00
Elec.France 10¼ 95 C$	125	†98⅝	99⅛	-0¼	+1⅞	10.50
Eurofima 7⅛ 94 Ecu	100	95⅝	96⅛	+0⅛	-0⅜	8.71
Fed.Bus.Dv.Bk.9¾ 92 C$	75	†96⅞	97⅜	-0⅜	-0¼	10.89
Fed.Bus.Dv.Bk.10½ 93C$	50	99	99⅝	-0⅛	+0⅛	10.75
Ferrv.Stato 7¾ 93 Ecu	100	96	96½	+0⅛	+0⅛	8.89
Ford Cr.Can.10¾ 93 C$	100	†98⅝	99⅛	-0⅜	+7⅝	11.10
Ford Cred.Can.10⅞ 96C$	125	99⅞	100⅜	-0⅝	+0¼	10.83
Ford Mtr.Cred.7⅞ 93Ecu	100	96½	97	-0⅛	-0¼	8.96
G.M.A.C. 9¾ 93 C$	150	†95½	96	-0⅜	-0⅜	11.13
Hydro-Quebec 11 99 C$	400	101¼	101⅝	-0⅛	+0⅛	10.77
Lloyds Bank 10¼ 98 £	150	92¾	93¼	-0⅛	+0¼	11.54
Lloyds Bank 11⅞ 98 £	100	96⅛	96⅝	-0¼	+0⅛	12.00
Montreal Tst.10¾ 93 C$	100	†97⅞	98⅜	-0⅜	-0¼	11.32
Morgan Guar.Tst. 11 91 C$	150	99½	100⅛	-0⅜	-0¼	11.08
Nat. Aus. Bk. 14¼ 94AS	100	98¾	99⅜	-0¼	-0¼	15.00
New Zealand 9½ 93 £	100	93	93⅝	-0¼	+0¼	11.77
Philips Gloeil. 6 93 FL	300	95⅜	96	-0⅛	-0⅜	7.19
Privatbanken 7½ 94 LFr	500	98	99	0	-0¼	7.88
Royal Bk.Scot.10⅝ 98 £	125	94⅝	95⅛	-0⅛	+0⅛	11.62
Saskatchewan 9⅞ 91 C$	150	†97⅜	97⅞	-0⅜	-0⅝	11.12
Saskatchewan 10¼ 93 C$	200	98⅛	98½	-0½	0	10.72
State Bk.NSW. 13⅞ 93A$	100	96½	97	-0¼	0	14.83
Sweden 15 94 A$	100	102⅝	103⅛	-0¼	0	14.10
Union Bk. Switz. 7½ 93	150	†97	97½	-0¼	-0¼	8.23
World Bank 13⅜ 92 A$	100	100½	101⅛	-0¼	0	13.02
Zentrspk. 13¼ 93 A$	75	†98¼	98¾	0	-1⅝	13.67

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Alliance & Leic.Bld 94 £	.08	99.97	100.02	18/07	13.08
Bank of Greece 99 US	0¼	99.48	99.58	8/09	10.62
Belgium 91 US	0	100.19	100.29	19/08	9.38
Chelt. & Gloucester 94 £	.063	99.82	99.87	30/05	13.47
Credit Foncier 98 US	.063	100.16	100.26	20/10	10.16
Dresdner Finance 99 DM	.031	99.82	99.92	27/07	6.59
EEC 3 92 DM	0	100.65	100.75	20/08	5.63
Halifax BS 94 £	.1	99.97	100.02	6/08	12.97
Invt. in Industry 94 £	0¼	100.01	100.11	24/05	13¼
Leeds Perm. B/S. 94 £	0⅛	100.10	100.15	13/07	13.34
Midland Bank 01 £	.1	98.26	98.68	15/05	13.16
Milk Mkt.Brd. 5 93 £	0⅛	99.93	99.98	30/06	13.06
New Zealand 5 97 £	.07	100.05	100.16	22/05	13.06
State Bk. Nsw. 98 US	.188	100.44	100.54	11/08	9.87
Woolwich Equit. BS. 93 £	0⅛	100.11	100.16	13/07	13.37
Woolwich 5 95 £	0⅛	100.03	100.08	19/05	13.12

Average price change... On day +0.00 on week +0.02

CONVERTIBLE BONDS	Cnv. date	Cnv price	Bid	Offer	Chg. day	Prem
Alcoa 6¼ 02 US	8/87	62.	117¼	117⅞	+3¼	8.73
Amer. Brands 7¾ 02 US	9/87	56.7	123¼	124	+0½	0.86
Ashikaga Bank 2⅛ 02 US	4/87	967.	131⅜	132⅜	-0⅝	5.57
Asics 5 92 DM	12/83	472.7	256½	257⅞	-0⅛	3.26
CBS. Inc. 5 02 US	4/87	200.	100⅛	100⅞	+0½	3.81
Primerica 5½ 02 US	4/87	66.75	66½	67¼	+0⅜	110.07
Eng.China Clay 6½ 03 £	9/88	4.8	107¼	108	+0¼	3.73
Fujitsu 3 99 US	5/84	1106.	225⅝	226⅝	+8⅛	2.96
Land Secs. 6⅜ 02 £	6/87	6.72	96⅛	97⅝	+0½	9.51
Minolta Camera 2¼ 94DM	2/86	1004.	114⅞	116⅛	-0¼	7.24
Mitsubishi Bk.1¾ 02 US	9/87	3157.	119⅞	121⅞	+0⅛	8.98
Mitsubishi Bk. 3½ 04US	5/89	3266.	97⅛	98⅜	+0⅛	4.03
Mitsui Trust 2⅞ 01 US	10/86	1903.	122	123	-1½	3.38
Mount Pic 5¾ 03 £	11/87	4.3	98¼	99⅝	+0¼	192.94
Nikki Nippon Bk. 2⅞ 03 US	4/88	804.	117½	118½	-2¼	3.12
Osaka Tateishi 2⅛ 02 US	4/87	1310.	235	236	+4	2.02
Ranks Hovis 4⅛ 05 £	1/88	3.5	107⅞	108⅝	+0⅛	9.50
Redland 7¼ 02 £	1/87	5.4	109⅛	109⅞	+2¼	1.95
Saatchi&Saatchi 6¼ 03 £	†10/89	4.41	91½	92½	0	35.24
Sumitomo Bank 3⅛ 04 US	2/89	4296.	92	93	+0½	19.03
Texas Inst. 2⅞ 02 US	9/87	82.87.	74½	75¼	+1	49.06
W.R. Grace 6¼ 02 US	9/87	42.12	92⅝	93⅝	+8⅛	19.78

* No information available-previous day's price

† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡three-month; §above mean rate) for US dollars. C.cpn = The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv date = First date of conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

INTERNATIONAL CAPITAL MARKETS

CFTC eases rules for UK firms

By Katharine Campbell

THE COMMODITY Futures Trading Commission, the US federal futures regulator, yesterday formally granted an exemption from the full force of US regulation to UK firms doing business with US clients.

However, terms of the agreement, the culmination of nearly two years of negotiation between UK and US regulators – and modified a good deal in recent weeks – failed to satisfy everyone, including some parties to the agreement.

Concerns expressed in recent months by affected UK firms that their British regulators had caved in to the extra-territorial demands of the CFTC will be amplified by the Department of Trade and Industry's first public admission that it sees jurisdictional difficulties in the deal the Securities and Investment Board has negotiated.

While Mr Roy Croft, executive director of the SIB, bravely hailed the deal as "a good basis for developing regulatory co-operation between the various authorities," Mr Brian Willott of the DTI's financial services division noted yesterday: "We do not share the view of the US authorities that it is appropriate for them to regulate unsolicited business [from US clients to UK firms]."

The Association of Futures Brokers and Dealers, too, sounded less than enthusiastic. Mr Christopher Sharples, chairman of the AFBD, voiced his "disappointment at not having been able to persuade the CFTC that certain aspects of the UK regulatory framework, though different, are nevertheless adequate."

Yesterday's CFTC exemption means that British firms operating on behalf of US customers do not have to comply with all requirements that normally apply to the sale of foreign options and futures into the US. While the agency grants such an exemption on the basis of recognising the comparability of UK regulations, the CFTC has reserved the right to apply its own rules in some cases where they differ from those laid down in the UK.

The asymmetry inherent in the current situation that concerns the DTI is that whereas the US exemption makes no distinction between solicited and unsolicited business, the FSA does make such a distinction.

In an exchange of letters between the DTI and Ms Wendy Lee Gramm, chairman of the CFTC, the DTI maintains its "point of principle" on the jurisdictional question of the reach of CFTC authority. "It is not appropriate for the CFTC to seek to extend its reach to those UK firms which are not resident in the United States and are not soliciting business there."

However, the Government's principle is little comfort to firms caught by terms of the agreement. "We decided the jurisdictional question...was not sufficiently strong to block the deal," Mr Willott admitted. "It is an issue between governments that does not bear on the current agreement."

Meanwhile, the AFBD has been expressing growing dissatisfaction with the outline terms of the agreement, apparently partly as a result of considerable pressure from its members.

Mr Phillip Thorpe, chief executive of the AFBD, explained that as recently as a week ago the possibility of a compromise on the issue of segregation had emerged, something that at the Futures Industry Association meetings in March the AFBD appeared to dismiss as "non-negotiable" with the CFTC.

Under US law, brokers must hold all client funds in separate accounts from their own, whereas there is no such requirement for commercial clients under British regulations.

"We looked at the terms of the arrangement the CFTC had formed with other jurisdictions, notably Montreal, and this suggested to us there might be an alternative formula for defining segregation." AFBD officials will be putting a further proposalto the CFTC.

Poor start for US stock index contract

By Deborah Hargreaves in Chicago

THE latest US stock index futures contract got off to a disappointing start last Friday, when the Coffee, Sugar and Cocoa Exchange's International Market Index traded just 120 lots.

The index, which comprises 50 foreign stocks trading in the US as American depositary receipts, was also launched as an option on the American Stock Exchange, where it traded 684 contracts on its first day.

Hailing it as the first dollar-based index to measure global market performance, the two exchanges believe there is a large institutional market looking for such an international hedging tool.

"Money managers currently have some 3 to 4 per cent of their portfolios invested internationally, but they would like to make it 10 to 15 per cent," claims Mr Ivers Riley, vice president at the Amex.

However, the IMI is such a new idea that both exchanges expect it to take a while to become established. One of the major advantages of the index, say the exchanges, is that it has a real-time ticker, unlike its broader-based rival, Morgan Stanley's Europe, Australia and Far East (EAFE) index, which is due to start up as a futures contract at the Chicago Mercantile Exchange and as an option at the Chicago Board Options Exchange later this year.

The move into international indices by US futures and options exchanges reflects a growing interest in foreign stocks by institutional investors as well as the increasing globalisation of the industry.

US futures exchanges are hoping an international focus will give a boost to the once-vibrant stock index futures market that has suffered declining volume since 1987's stock market crash. The only stock index futures to start up since the crash is the CBOE 250, a joint venture between the Chicago Board of Trade and the Board Options Exchange, which has seen poor volume since its inception in November.

US Treasuries mixed as FOMC begins meeting

By Janet Bush in New York and Katharine Campbell in London

US TREASURY bonds yesterday closed mixed after a day of inconsequential movements as the Federal Open Market Committee began its meeting. The cautious mood also reflected a lower dollar amid rumours that West Germany will raise interest rates this week.

In late trading, the short end of the market was unchanged to ⅛ point lower while long-dated issues were as much as ⅜ point higher. The Treasury's benchmark long bond outperformed the rest of the curve, rising ⅛ point for a yield of 8.81 per cent.

After Friday's brief upward tilt in the yield curve, it has now inverted again with the yield on two-year issues at 8.89 per cent. This suggests an erosion of optimism of a near-term easing in monetary policy.

Most analysts are betting that the FOMC will keep policy on hold despite signs that growth is broadly decelerating, doubt about how strong inflationary pressures actually are and the dollar's surge to levels believed to be above Group of Seven reference ranges.

PRICES IN the German bond market around the official fixings were surprisingly stable given the dramatic appreciation of the dollar while the Germans were taking their Whitsun holiday.

The recent federal bond, fixed for the first time on the stock exchanges, was priced at 100.10 to yield 6.99 per cent. The penultimate bond, due February 1999, was fixed 10 pfennigs weaker than on Friday at par yielding 7.00 per cent.

INTEREST RATE concerns also beset the French market, although turnover was not high as dealers and investors drifted back from the long weekend. The June futures contract on the Matif opened 26 basis points lower at 106.34, dropping further during the day, as concerns about pressures for a German rate increase preoccupied traders. Some technical short covering helped the market to close off its lows at 106.40.

THE UK gilt-edged securities market headed lower in listless trading ahead of major economic figures tomorrow and Friday. The issue of three non-government sterling bonds also depressed the market at the start.

Despite a slightly firmer tone to sterling, opening gilts prices were up to ¼ point weaker as traders and investors sold gilts in order to take advantage of two long-term domestic sterling issues. At the close, the Liffe long gilt future was trading at 95-08, compared with 95.15 the previous day.

GOVERNMENT BONDS

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	9/92	106-28	-3/32	10.98	11.03	11.10
		9.750	1/98	96-31	-5/32	10.28	10.31	10.33
		9.000	10/08	97-10	-6/32	9.30	9.31	9.34
US TREASURY *		8.875	2/99	100-07	+2/32	8.84	9.06	9.21
		8.875	2/19	100-17	+7/32	8.82	9.01	9.06
JAPAN	No 111	4.600	6/98	95.2936	0.030	5.37	5.36	5.18
	No 2	5.700	3/07	105.9035	0.000	5.07	5.07	4.96
GERMANY		6.375	11/98	95.2000	-0.150	7.07	7.00	6.88
FRANCE	BTAN	8.000	1/94	96.3713	0.001	8.96	8.93	8.98
	OAT	8.125	5/99	95.3000	-0.050	8.85	8.82	8.85
CANADA *		10.250	12/98	102.3000	0.050	9.87	10.06	10.41
NETHERLANDS		6.7500	10/98	95.5750	-0.150	7.41	7.28	7.06
AUSTRALIA		12.000	7/99	91.7758	-0.824	13.49	13.43	13.74

London closing, *denotes New York closing. Yields: Local market standard. Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

Sterling Eurobond new-issue activity rises

By Norma Cohen

WITH THE dollar seemingly headed inexorably upwards, the inability to make interest rate swaps work on dollar-denominated Eurobonds is proving frustrating to underwriters. After all, investor appetite for Eurodollar bonds has proved strong in the past few trading sessions and yields on underlying US Treasuries have come down considerably.

INTERNATIONAL BONDS

Still, for those borrowers willing to accept fixed-rate debt, dollar Eurobonds remain a possibility. Late yesterday, General Electric Credit was said to be considering bids from underwriters on a $300 to $400m seven-year issue with a target rate of about 54 basis points over US Treasuries. Dealers said that at least one sovereign borrower was rumoured to be considering bids.

New-issue activity picked up yesterday with the launch of two short-dated sterling Eurobonds aimed at tapping investor demand where yields are highest.

Ford Credit Funding Corp issued a £60m three-year Eurobond via Hambros Bank bearing a coupon of 12.25 per cent and priced at 102 to yield 69 basis points over the 10½ per cent gilt stock due 1992. Hambros said the bonds were aimed at the same retail clientele that purchased high-coupon Australian and Canadian dollar bonds. Dealers said the securities appeared reasonably priced, offering a fairly wide pick-up over seasoned Ford paper in sterling, which has traded at a spread as narrow as 30 basis points over gilts in recent months.

Deutsche Bank Finance NV issued a £50m bond due January 1994 intended to become fungible with an existing £75m tranche of identical securities issued in January. The bonds, launched via Baring Brothers, carry an 11 per cent coupon and are priced to yield 52 basis points over the 10 per cent gilts of 1994. The existing tranche of the securities were trading at 46 basis points over gilts.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
STERLING						
Ford Credit Funding♦	60	12¼	102	1992	1⅜/⅞	Hambros Bank
Deutsche Bank Finance(e)♦	50	11	100⅜	1994	1⅞/1¼	Baring Brothers
US DOLLARS						
Nissho Iwai American Fin.♦	100	9⅞	101½	1993	1⅝/1⅛	Yamaichi Int. (Europe)
Final terms fixed on:						
Onward Kashiyama(a)♦♦	200	4¼	100	1993	2¼/1½	Nomura Int.
Kenwood Corp.(a)♦♦	150	4⅞	100	1994	2¼/1½	Nomura Int.
AUSTRALIAN DOLLARS						
IBM Australia Credit♦	75	15½	101⅞	1992	1½/1	Salomon Brothers
LIRE						
IMI Bank Int.♦	100bn	12⅝	101¼	1992	1⅜/⅞	Banco di Roma
D-MARKS						
WestLB Finance Neth.(b)♦	150	8½	100¾	1994	2/1¼	WestLB
YEN						
Credit Lyonnais(c)♦	35bn	5½(c)	101⅞	1996	1⅞/1¼	Nomura Int.
PKbanken(d)♦	5bn	8	101⅝	1993	1½/1	Toyo Trust Int.

♦With equity warrants. §Convertible. ♦Final terms. a) Coupon cut by ⅜% from indication. b)Borrower has option to repay in US$. Per DM1,000 you get $578.03. Strike price DM1.73. c) Coupon 5½% first 3 years, remainder linked to Nikkei stock index. d) Redemption linked to Nikkei stock index. Put and call after three years. e) Fungible with £75m bond issued in January 1989.

US exchange woos Soviets

By Katharine Campbell

IN THE middle of extensive federal investigations into the soundness of the US futures industry, one exchange, at least, is not neglecting its international marketing programme.

The New York Mercantile Exchange, the world's largest oil market, and the third largest futures exchange in the US, has become the first American market to make an official presentation of its wares to the Soviet Union, exchange president Ms Rosemary McFadden said in London yesterday.

While the exchange has been served with a subpoena by the Commodity Futures Trading Commission in connection with investigations into the trading practices of members of the New York exchanges, and is busily burnishing its self-regulatory record by implementing various recommendations for tighter market surveillance issued by a task force set up in February, it is also pursuing new business opportunities in the wake of a visit to the Soviet Union at the beginning of April.

Exchange officials visited both the energy export ministry, the Sojuznefteexport, and the Amazjuvelirexport, whose responsibilities extend to platinum and palladium. In 1988 the Soviet Union produced 50 per cent of the total supply of palladium to the West, and 12.5 per cent in the case of platinum. Both platinum and palladium futures contracts trade actively on Nymex.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tue May 16 1989 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at 25%)	Est. P/E Ratio (Net)	xd adj. 1989 to date	Mon May 15 Index No.	Fri May 12 Index No.	Thu May 11 Index No.	Year ago (approx) Index No.
1 CAPITAL GOODS (207)	969.20	-0.4	10.51	4.80	11.70	11.91	972.87	964.99	953.92	754.47
2 Building Materials (29)	1232.59	+0.5	11.64	4.15	10.52	17.57	1226.69	1208.13	1192.62	973.86
3 Contracting, Construction (38)	1609.28	-0.1	13.31	4.16	9.82	28.37	1690.65	1686.88	1681.26	1544.71
4 Electricals (10)	2825.26	-0.7	8.39	4.29	14.54	25.01	2845.10	2851.63	2822.55	2042.28
5 Electronics (30)	2220.49	-0.9	8.57	3.82	15.11	13.93	2241.78	2227.34	2181.95	1609.84
6 Mechanical Engineering (54)	519.70	-0.6	10.14	3.94	12.12	7.37	522.72	519.30	514.12	388.80
8 Metals and Metal Forming (7)	546.49	-0.7	14.25	4.47	7.89	0.43	550.41	548.04	542.69	446.84
9 Motors (17)	317.23	-0.9	11.60	4.79	10.03	6.44	328.28	319.38	317.19	269.65
10 Other Industrial Materials (22)	1628.54	-0.1	9.34	4.17	12.93	24.98	1630.06	1617.82	1595.13	1246.42
21 CONSUMER GROUP (185)	1287.88	-0.5	8.99	3.65	13.94	9.47	1214.53	1209.39	1197.51	1059.85
22 Brewers and Distillers (22)	1322.21	-0.8	10.02	3.60	12.59	9.92	1333.86	1329.75	1314.93	1185.29
25 Food Manufacturing (20)	1038.26	-0.5	9.73	3.98	12.93	11.32	1043.44	1039.08	1035.06	900.78
26 Food Retailing (15)	2183.95	-0.4	8.53	3.31	15.41	16.14	2192.08	2198.92	2165.42	2009.69
27 Health and Household (14)	2246.64	-0.4	6.39	2.60	17.83	14.41	2256.74	2235.89	2214.62	1801.48
29 Leisure (33)	1641.28	-0.4	7.55	3.31	16.63	15.53	1647.13	1644.53	1635.87	1283.02
31 Packaging & Paper (15)	576.18	-0.3	10.09	4.22	12.08	6.99	577.92	577.25	574.73	488.80
32 Publishing & Printing (18)	3563.83	-0.5	9.21	4.15	13.12	43.47	3583.80	3559.15	3539.23	3333.37
34 Stores (33)	887.65	-0.8	11.07	4.43	11.82	2.96	814.36	812.78	791.53	809.29
35 Textiles (15)	527.19	-0.1	11.66	5.34	10.43	6.31	527.74	523.57	524.67	567.25
40 OTHER GROUPS (95)	1099.18	-0.4	10.83	4.16	12.12	9.85	1103.25	1093.71	1081.96	867.73
41 Agencies (18)	1374.81	+0.8	6.85	2.38	18.21	14.30	1363.61	1339.97	1329.00	1124.99
42 Chemicals (22)	1240.54	-0.2	11.47	4.76	10.34	22.54	1242.77	1236.29	1227.33	1053.93
43 Conglomerates (12)	1593.28	-1.1	10.81	4.81	11.22	5.37	1611.43	1599.67	1581.38	1162.14
45 Transport (13)	2434.65	-0.5	8.14	3.54	15.94	29.16	2446.18	2425.36	2393.57	1899.34
47 Telephone Networks (2)	1140.72	-0.6	10.29	4.12	12.63	8.00	1147.87	1148.16	1120.44	953.98
48 Miscellaneous (28)	1484.71	+0.1	10.55	3.90	10.77	21.65	1483.07	1462.47	1457.85	1115.95
49 INDUSTRIAL GROUP (487)	1137.63	-0.4	9.84	3.95	12.21	10.16	1142.24	1135.25	1120.98	926.46
51 Oil & Gas (13)	2085.48	-0.5	10.41	5.54	12.77	41.99	2015.99	2009.72	1989.16	1818.52
59 500 SHARE INDEX (500)	1211.61	-0.5	9.80	4.10	12.72	13.02	1217.17	1209.78	1196.92	1012.77
61 FINANCIAL GROUP (123)	754.40	-0.7	-	5.11	-	14.74	759.54	754.50	748.78	669.71
62 Banks (8)	753.43	-1.2	23.73	6.35	5.84	21.71	762.41	756.84	748.26	638.64
65 Insurance (Life) (8)	1073.87	-0.3	-	5.56	-	29.46	1077.08	1072.19	1064.48	964.44
66 Insurance (Composite) (7)	600.01	-0.2	-	5.71	-	13.45	601.09	596.78	594.93	558.83
67 Insurance (Brokers) (7)	992.08	-	7.98	6.35	16.76	27.06	992.36	964.41	960.29	925.17
68 Merchant Banks (11)	331.31	-0.4	-	4.55	-	3.78	332.67	332.34	332.72	342.66
69 Property (52)	1331.93	-0.9	5.95	2.71	21.32	6.77	1343.69	1333.42	1323.41	1173.26
70 Other Financial (30)	375.78	+0.1	9.92	5.48	12.73	4.83	375.24	374.86	372.94	377.21
71 Investment Trusts (72)	1164.42	-0.3	-	2.75	-	8.37	1167.97	1159.81	1145.58	861.39
81 Mining Finance (2)	643.72	-1.5	9.64	3.96	11.55	18.45	653.47	654.61	651.51	471.93
91 Overseas Traders (8)	1575.12	-0.6	10.16	5.12	11.37	30.41	1583.25	1583.43	1563.66	1043.56
99 ALL-SHARE INDEX (705)	1100.26	-0.5	-	4.22	-	13.35	1105.75	1099.00	1087.94	921.72

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	May 15	May 12	May 11	May 10	May 9	Year ago
FT-SE 100 SHARE INDEX♦	2136.7	-13.2	2147.1	2134.0	2149.9	2136.7	2116.6	2117.0	2125.1	1788.2

FIXED INTEREST

PRICE INDICES	Tue May 16	Day's change %	Mon May 15	xd adj. today	xd adj. 1989 to date
British Government					
1 5 years	118.21	-0.07	118.29	-	4.41
2 5-15 years	133.54	-0.19	133.80	-	4.62
3 Over 15 years	144.77	-0.25	145.14	-	5.92
4 Irredeemables	168.39	+0.02	168.35	-	6.10
5 All stocks	131.30	-0.16	131.51	-	4.78
Index-Linked					
6 5 years	134.31	+0.06	134.22	-	1.36
7 Over 5 years	133.86	+0.03	133.82	-	1.28
8 All stocks	133.76	+0.03	133.73	-	1.27
9 Debentures & Loans	115.09	+0.01	115.08	-	3.80
10 Preference	89.12	-0.02	89.14	-	2.05

AVERAGE GROSS REDEMPTION YIELDS		Tue May 16	Mon May 15	Year ago (approx.)
British Government				
1 Low	5 years	9.59	9.56	8.61
2 Coupons	15 years	9.24	9.21	9.19
3	25 years	9.04	9.03	9.02
4 Medium	5 years	10.49	10.40	9.06
5 Coupons	15 years	9.69	9.66	9.38
6	25 years	9.24	9.22	9.19
7 High	5 years	10.80	10.76	9.18
8 Coupons	15 years	9.90	9.87	9.54
9	25 years	9.42	9.40	9.28
10 Irredeemables		9.89	9.83	8.91
Index-Linked				
11 Inflation rate 5%	5yrs.	3.50	3.52	2.52
12 Inflation rate 5%	Over 5 yrs.	3.58	3.58	3.57
13 Inflation rate 10%	5yrs.	2.42	2.63	1.43
14 Inflation rate 10%	Over 5 yrs.	3.40	3.42	3.60
15 Debs &	5 years	12.26	12.15	10.41
16 Loans	15 years	11.54	11.56	10.67
17	25 years	11.18	11.19	10.71
18 Preference		10.19	10.19	9.69

♦Opening index 2147.5; 10 am 2143.2; 11 am 2138.9; Noon 2141.8; 1 pm 2138.0; 2 pm 2138.6; 3 pm 2139.1; 4 pm 2136.3; 4.05 pm 2136.3. (a) 9.08am (b) 3.54pm † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 34p.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	7	76	24
Corporations, Dominion and Foreign Bonds	0	10	33
Industrials	324	399	854
Financial and Properties	133	180	343
Oils	26	33	38
Plantations	0	2	10
Mines	20	67	90
Others	99	63	97
Totals	609	830	1,489

LONDON RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

TRADITIONAL OPTIONS

● First Dealings May 15
● Last Dealings May 26
● Last Declarations Aug 10
● For settlement Aug 21

For rate indications see end of London Share Service

Calls in Norex, Bula Res, Marley, Tilbury Cons, P&O Wrnts, Mining & Allied, Tuskar Res, PNL, Budgen, Dixons, Union Square, Chrysalis, Steel & Simpson A, Chysalon, Summer Int, Chelsea Artisans, Double Union Square

LONDON TRADED OPTIONS

PLESSEY was the only stock to attract more than 2,000 contracts on the London Traded Options Market yesterday, business in it coming to 2,059 contracts, consisting of 1,796 calls and 263 puts. It was in general a quiet day in options, with total market business coming to no more than 30,543 contracts, made up of 22,262 calls and 8,281 puts.

Implied volatility – the tendency towards movement suggested by options quotations – was said by dealers to be relatively low, discouraging activity. The total of just over 30,000 is modest by any recent standard, standing around the average on the last mid-summer in the wake of the Great Crash of October, 1987. Trading in the FT-SE 100 index, no so long ago a boom element on the options market, amounted to 5,947, or 17.5 per cent of total dealings, and comprised 1,525 calls and 3,422 puts.

The index itself lost part of the recent gains which have seen it to post-Great Crash highs, to end 13.2 points down on balance at 2,136.7, partly under the influence of a weakish opening on Wall Street. Dealings in the index on the London International Financial Futures Exchange saw some activity, without giving strong direction to the index.

The Plessey business saw a slight net opening of interest on the call side, of 376 contracts to 16,273. There was trading of 543 contracts in the May 240 calls, but opening of position in the series of only 43 contracts to 1,568. Some opening of interest was seen in the August 240 and 260 calls, as well as in the November 260 calls, where activity brought a rise in the number of exercisable contracts of 10 to 1,451, and the November 280 calls. The put side was notable for business of 100 contracts in the August 240s leading to opening of position of the same amount to 1,277.

The most actively traded index series were on the call side the June 2150, in which there was opening of position of 402 contracts to 3,346, and the May 2200s, in which there was closing of 316 to 1,891. On the put side, 300 contracts traded in the June 1900s saw an opening of interest of the same amount to 681, while opening of interest of 528 contracts to 1,317 in the June 2150s, and of 619 to 552 in the July 2150s also caught the eye.

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UK COMPANY NEWS

Allied-Lyons disappoints City with 15% advance to £502m

By Lisa Wood

ALLIED-LYONS, the UK food and drinks group in which Bond Corporation has a 9.7 per cent stake, yesterday announced a pre-tax profit of £502m for the full year to March 4 1989, an increase of 15.1 per cent on the previous year.

Turnover at £4.5bn showed an increase of 6.3 per cent, and trading profits advanced from £527m to £588m.

Earnings per share showed an increase of 14.1 per cent, at 43.7p.

The directors proposed a final dividend of 10p per share, making a total of 15p (13p).

The results, with a slightly higher property element than expected, were marginally below City forecasts and the share price closed down 10p at 452p.

The Stock Exchange was also affected by Allied's warning on the possible impact of high interest rates on consumer spending this year.

Allied is Britain's second biggest brewer, with 6,600 pubs. But it made little mention of the possible consequences for it of the Monopoly and Mergers Commission's report on the brewing industry, which recommended that no brewer should own more than 2,000 pubs.

The group underlined the value of its pubs by making a property revaluation giving rise to a surplus of £873m. This, combined with a positive cash flow during the year, reduced Allied's gearing from 64 per cent at the start of the year to 35.5 per cent at the year end.

Sir Derrick Holden-Brown, chairman, said all three divisions made good progress during the year.

He was particularly optimistic about the purchase of 54 per cent of Chateau Latour completed this week. Allied already held 25 per cent of this prestigious premier cru wine producer and believes the acquisition will be of great benefit to its wine and spirits portfolio.

The beer division's performance was strongest, with trading profits increasing by 15.3 per cent to £203m. Market share was held, and Castlemaine xxxx and Lowenbrau had, according to Allied, an "outstanding" year.

Retailing results were "very good" with the Porterhouse chain, Calendars and Muswell's all strong features.

The wines and spirits division, with brands including Ballantine's Scotch, the second best selling Scotch in the world, made "encouraging progress," said Allied. Trading profits increased by 8.4 per cent to £271m.

However, the company warned that substantial profits progress should not be immediately expected from its distribution agreement with Suntory, the Japanese whisky group, as significant amounts would have to be invested in marketing in Japan.

Trading profits in the food division grew by 7.5 per cent to £115m with Allied blaming the weather, currency movements and poorer sales in supermarkets for the restrained profit growth. The group is initiating a review of the division. Allied said it was interested in businesses being sold by R J R Nabisco in Europe.

See Lex

Calor declines to £60m as the mild winter takes its toll

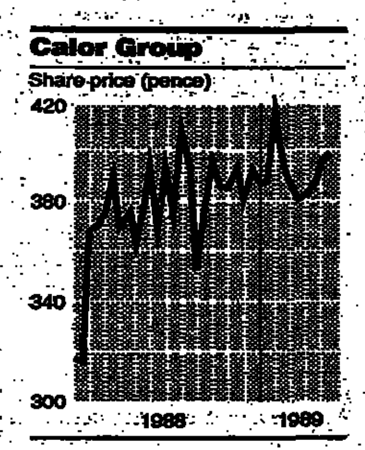
By David Waller

THE EXCEPTIONALLY mild winter took its toll on the Calor Group, where both turnover and pre-tax profits for the year to March 31 slipped as the UK experienced the second warmest winter since records began in the 17th century.

Pre-tax profits for the bottled gas company – which sold its North Sea interests a year ago – fell from £64.4m to £60.1m on turnover clipped by £14.3m to £299.1m. Attributable profits slid from £43.5m to £40.4m.

Earnings per share edged down, from 26p to 24.2p, but the final dividend was increased from 10.5p to 11.6p, making 17.6p (16p). The company conceded that with the payout at this level, dividend cover was down on its longer range targets.

Overall, volume sales were close to the previous year's levels. Mr David Mitchell, Calor's chief executive, said that the result would have been a lot worse but for the success of the company's bulk sales to industry and to individuals requiring a "piped-in" substitute for mains gas.



Sales of butane gas cylinders for cabinet heaters and the like were sharply down. "We were alright until November", the chief executive complained, "but after that it just got warmer and warmer".

Another factor behind the slippage at the pre-tax level was a turnround in the interest situation; the £29m cash contribution which accompanied the demerger of Acre Oil last year meant that interest income of £1.9m in 1987-1988 turned into an outgoing of £1m last year.

The directors said they would soon be back on a growth tack – in the absence of yet another mild winter.

● COMMENT

Back in November, the City was confidently forecasting an attributable profit of £52m for Calor. But at that point, it was cold; throughout the rest of the winter, it was warm and the consensus yesterday was that the company had done well to hold the fall in profits to a 8.6 per cent. In the absence of a repeat of last year's non-winter, the company should make £56m at the attributable level this year. Down 2p to 397p yesterday, the shares are on a prospective multiple of about 12. This seems high until one remembers the huge dividend: the shares are on a prospective yield of well above 6 per cent if the payout increases by a tenth this year.

Boots to sell three companies

By Vanessa Houlder

BOOTS, the retail and industrial chemist, yesterday announced plans to sell three subsidiaries involved in the manufacturing and marketing of diagnostic and surgical equipment.

The three companies, Clement Clarke International, Clement Clarke and John Weiss & Son, have a combined annual turnover of £8.5m and were acquired when Boots bought Clement Clarke Holdings, a chain of retail opticians, in 1986.

The company said the businesses did not meet its strategic criteria

Armitage Bros acquires Wafcol

Armitage Brothers, manufacturer and distributor of pet food products, yesterday annouced the acquisition of Wafcol, a dog meals and treats business based in Stockport, Cheshire, for £250,000 in cash.

Puzzling and incongruous link

Clare Pearson speculates on the effect of ADT's stake in Christies

THE 5.6 PER CENT stake in Christies International, the blue-blooded London-based art auctioneer, recently taken by ADT, the Bermuda-registered electronic security systems and vehicle auction conglomerate, must be one of the most incongruous links ever thrown up by the workings of the stock market.

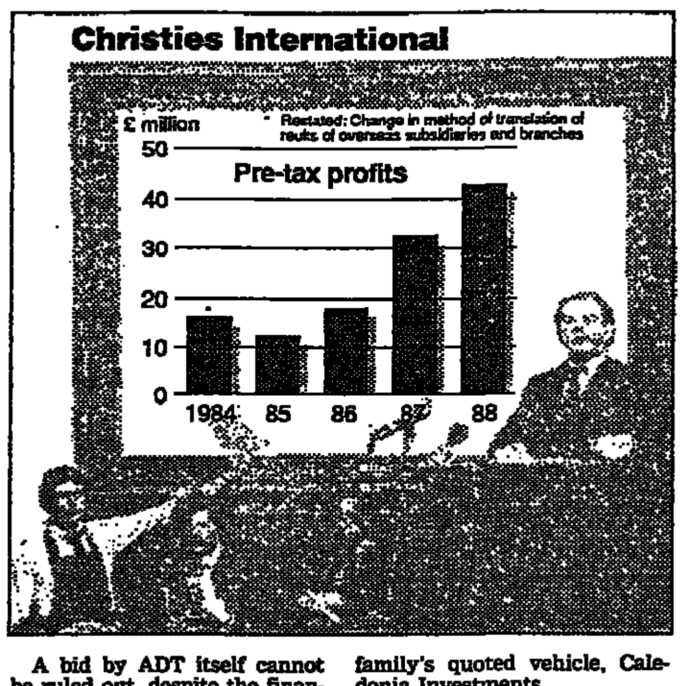
Today's annual meeting may throw more light on the attitude taken by Christies' management, which it is presumed would resist any bid attempt. But Mr Michael Ashcroft, who chairs ADT, is providing no help on the puzzling move.

It could of course simply be that ADT, which started buying about three months ago, wants to take advantage of the remarkable and continuing recent buoyancy of the fine art market.

If so, last week's record $204.82m (£122.5m) sales of Impressionist and modern works in New York achieved by Sotheby's Holdings, the larger rival with which Christies shares the international market, will have already borne out its judgement. The sale triggered a sympathetic rise in Christies' share price.

Nevertheless, it would still make Mr Ashcroft's choice of investment easier to pigeonhole if they was any evidence he was an art enthusiast. This would put it in line with the 6 per cent stake in Christies acquired last year by Mr Robert Holmes à Court, the Australian businessman, which has been seen as much an extension of his penchant for art collecting as the work of an arbitrageur.

However, Mr Christopher Davidge, Christies' managing director, said yesterday he had not been able to track down any evidence that Mr Ashcroft was a customer. Sotheby's also did not think it had come across him. Mr Ashcroft himself has declined to comment on whether he collects art.



A bid by ADT itself cannot be ruled out, despite the financial strain, since Christies would have to be worth at least £500m at current prices, the apparent lack of business logic, and the company's stated determination to stick to its current businesses.

There is a minor business overlap in the area of vintage car auctions, but some ADT followers point to similarities in the handling of multiple clients and processing of paperwork.

But it seems more likely that ADT is hoping to benefit from any bid that may emerge in due course from another source, especially since it has declared its stake without bidding.

Some defence is provided by the 20 per cent of the shares that are held in trust. But the addition of Mr Holmes à Court signals some destabilising of the share register, even though a friendly stake of almost the same size is held by the Cayzer family's quoted vehicle, Caledonia Investments.

Christies has been subject to occasional bid speculation over the last couple of years and was briefly threatened with a takeover last year from Phillips, the privately-owned and much smaller auction house. This was never taken very seriously, however, and lapsed when Phillips failed to find financial backing.

Nevertheless, the history of Sotheby's, which refloated in London and New York last year in virtually bid-proof form, provides an informative precedent. It was taken private in 1983 by Mr Alfred Taubmann, the US property developer who had emerged in the white knight's role after a slump in the art market and an attack by two Americans who had made their fortunes in the carpet underlay business and were seen as highly unsuitable proprietors.

But Christies' followers say it is very unlikely such a sequence of events might occur in the medium term. This is not only because Christies' value is buoyed up by the strength of its market, but also because it is hard to see how any other management could take better advantage of that strength.

Lord Carrington, the former Foreign Secretary, is credited with having overhauled the company dramatically since he took over the chairmanship last summer. Mr Davidge, appointed as managing director in January, is also viewed as energetic.

Christies is certainly no poor relation of Sotheby's in terms of performance. Though Sotheby's now outstrips it in terms of sales per employee, its rate of sales growth has been higher than Sotheby's during the last few years, and with better operating margins.

But even if improvements in the administration of the company could be made, a successful hostile bidder would still run a severe risk of jeopardising the delicate relationships with art sellers which are central to Christies' success. They are built up over long years by valuers and auctioneers who are certainly not working there for the money and could easily vote with their feet.

As for companies with which an agreed deal might be struck, there are not many obvious candidates. Christies would not, for instance, seem to fit in with the directions taken recently by Pearson, which owns the Financial Times and counts fine china among its other interests, which was once tipped as a possible bidder.

For the moment ADT is looking at an investment which, pending another spectacular sale, or further perplexing stake building, looks fully valued. The shares, which climbed a further 13p to £10.21 yesterday, stand on a prospective p/e in the mid-teens.

Copymore expands via purchase of Mikron Business Systems

Copymore, the office equipment supplier, has acquired the business and trading assets of Mikron Business Systems.

Copymore, which joined the USM a little over a year ago, will pay cash for the amount by which tangible assets of Mikron at completion (some £188,000 at May 3) exceed liabilities only up to an amount equal to its tangible assets.

Minimum agreed payment for goodwill is £350,000, of which £125,000 was paid in cash at completion. The remaining £225,000 is payable in cash on August 31. An additional goodwill payment of up to £150,000 may become payable based on Mikron profits for the 14 months to July 31 1989. Any such deferred amount will be payable in cash or shares.

Mikron's principal business is the sale, supply and servicing of photocopiers and other office automation equipment.

Accounts for the year to end-May 1988 showed total revenue of £700,000. Service income accounted for some 25 per cent of revenue in the period.

UK COMPANY NEWS

Profits advance to near £12m and debenture placing to raise £60m

Vaux allays City fears of cash call

By Lisa Wood

VAUX, the Sunderland based brewer, yesterday reported a 20 per cent increase in pre-tax profits to £11.85m for the half year to March 18.

The results were at the top end of market estimates with Vaux allaying City fears of a rights issue via the issue of £60m of debenture stock 2019.

The issue is being underwritten by Noble Grossart and Cazenove & Co. The stock, being placed by Cazenove, will be issued on terms whereby its gross redemption yield on issue will be at a margin of 150 basis points above the average gross redemption yield on 9 per cent Treasury stock 2008.

Mr Paul Nicholson, chairman of Vaux, said the issue took advantage of the favourable climate which presently existed for raising long term money.

Earnings per share were up by 19 per cent to 7.04p and the interim dividend is being stepped up from 2.16p to 2.59p.

Explaining the 20 per cent increase in dividend Mr Nicholson said: "The board believes that under current tax laws it is beneficial to shareholders to pay out a higher dividend and accept a reduction in cover."

Turnover at £100.09m for the brewing, wines and spirits and hotel group, was up by 14.45 per cent on the corresponding period of the previous year.

Swallow Hotel's trading profit was £5.34m compared with £3.83m with room occupancy up from 58.1 per cent to 61.9 per cent.

Vaux Inns, which operates 111 managed houses, made a satisfactory start with a trading profit of £1.56m compared with last time's £1.29m when they were part of the Vaux and Ward brewing divisions.

Breweries contributed £3.82m (£3.36m) to trading profits with draught beer sales ahead of last year because of the growth in sales of franchised Labatt and Tuborg. Packaged beer sales were marginally behind last year with Tesco, a major customer, deciding to triple source supplies.

● **COMMENT**

Vaux, in which Queens Moat Houses has an 8.5 per cent shareholding, is moving rapidly from being a brewing company to a more broadly based leisure business. Hotels will account for more than 50 per cent of trading profits in the second half. These will be boosted by a contribution from nursing and retirement homes acquired from Ladbroke Group earlier this month. Three more hotels are being built and two more are in the pipeline which will mop up a significent element of the proceeds of the debenture issue. Vaux Inns, which brings a new focus to the managed houses, has got off to a good start. The brewing division, with a strong momentum to sales coming from the new lager brands, could be adversely affected by the introduction of guest beers. Analysts are looking for pre-tax profits for the full year of £31.5m giving a prospective p/e of more than 15 times.

Alan Harper

Sir Derrick Holden-Brown (left), chairman of Allied Lyons and Richard Martin, chief executive, enjoy a pint together after the press conference at which they announced a 15 per cent rise in both pre-tax profits and dividends for 1988

Wassall acquires Antler following agreed £19m bid

By Andrew Hill

WASSALL, the aspiring conglomerate, yesterday added a second leg to its business with an agreed bid for Antler, the USM-quoted manufacturer of luggage and travel goods, valuing the latter at £18.5m in shares or £19.1m in cash.

The bid pushed Antler's share price up from 203p to 318p, 12p short of Wassall's cash alternative of 325p per share.

Mr Christopher Miller, Wassall chief executive, yesterday said that it would take at least three or four months to integrate Antler. After that Wassall, headed by a number of ex-Hanson executives, might start to pursue a more aggressive acquisition policy.

"The one thing we haven't done in a major way yet is the classic Hanson bid, which might be hostile and could involve selling some part of the acquisition to get our money back," he said yesterday.

Mr Miller said the group had started by buying companies which could provide strong intermediate management. In the future that would enable Wassall to take on badly-managed companies and realise their full potential.

"Leisure products are something we are quite interested in because we think there are specific things we can do to grow the business organically," he added.

Wassall hoped to develop the Antler brand-name on a range of leisure and travel products, such as hand-bags, wallets and belts, said Mr Miller. The USM company, which also sells goods under the Revelation brand-name, manufactures traditional suitcases as well as a range of specialist equipment bags, picnic baskets and garment carriers.

Wassall, which already owns office furniture and veneer manufacturers, is offering 325 new shares for every 277 Antler shares. Wassall's share price dropped 9p to 268p yesterday, valuing each Antler share at about 314p.

Shareholders representing 73 per cent of Antler's equity have already committed their holdings to the Wassall offer.

In 1988, Antler made £1.6m before tax on sales of £13m. It had net assets of £4.3m at December 31. In the 11 months to the same date, Wassall, boosted by acquisitions, made pre-tax profits of £502,000.

Daily Telegraph advances 31% to £8.8m

THE DAILY Telegraph yesterday announced pre-tax profits of £8.8m for the three months to end-March 1989, an increase of 31 per cent on last year's £6.7m.

Turnover in the period rose from £51.1m to £58.5m and included £100,000 (£1.1m) of contract printing sales.

At the operating level profits rose 15 per cent to £10m (£8.7m), and there was a share of profits of associated companies of £100,000, attributed to the joint venture printing company at Trafford Park, Manchester.

Lease charges and interest payable fell from £2m to £1.3m following the transfer of lease charges in Manchester to the new joint venture company.

After tax of £100,000 (£200,000) earnings per share improved to 6.9p (5.3p).

There was no extraordinary charge this time. Last year there was a charge of £4.2m, which represented the cost of redundancy payments. This charge was offset by an extraordinary profit arising from the sale of assets to the joint venture at Trafford Park.

Acquisitive Blenheim advances to £3.5m

By Vanessa Houlder

BLENHEIM Exhibitions, the USM-quoted exhibition organiser, increased pre-tax profits from £1.43m to £3.51m for the six months to February 28. The advance came on turnover increased from £5.83m to £14.96m.

Most of the growth came from acquisitions, although the company estimated that it had 30 per cent like-for-like growth.

During the period, the company bought 27 new exhibitions, chief of which were Inter Airport in West Germany and Equip'hotel in France. Blenheim said it had successfully integrated all the new acquisitions.

Mr Neville Buch, chairman, said that the company intended to keep up the pace of acquisitions, mainly in Europe, as well as expanding its presence in France, West Germany and Switzerland it expected to move into Italy and Spain.

Mr Lawrie Lewis, chief executive, said that the company was increasingly seeking to buy major exhibitions. "We want to acquire and develop many definitive, top quality exhibitions which we can replicate in other markets," he said.

Since the year end, the company obtained a listing on the Second Marché in France, which accounts for a quarter of the share capital. Mr Buch said that Blenheim hoped to obtain a quote on the Frankfurt exchange by spring next year. Overseas quotations demonstrated that Blenheim was a truly European company, he said. "We motivate by not being arrogant British colonialists," he added.

Earnings per share increased 67 per cent to 15.2p (9.1p). An interim dividend of 4p (2.4p) was declared.

● **COMMENT**

With tongue firmly in cheek, the Blenheim duo liken themselves to "schoolboys in a sweetshop" where acquisitions are concerned. As rarely a month goes by without a deal taking Blenheim into yet another market, the comparison might seem well deserved. Nonetheless, Blenheim's taste for expansion has brought it a well diversified spread of activities and good opportunities for cross-selling and replicating exhibitions in other markets. With a strong forward order book, Blenheim is supremely confident about the future, arguing that even in the event of an economic downturn – companies try to improve their market share and exhibitions are a cost-effective and increasingly popular way of attracting customers. Perhaps the most troublesome effect of its zeal for expansion is that the acquisition of vast quantities of goodwill has left it with negative assets. But this does not appear to cramp its style although it makes it unlikely that it could meet the more rigorous demands of the main market. Assuming pre-tax profits of £8m for the full year, the shares, unchanged at 880p, are on a fully valued p/e of 22.

GWR checked by start up costs of new channel

By David Waller

GWR, the USM-quoted west country radio station which is about to merge with Consolidated Radio Holdings, yesterday reported pre-tax profits up from £354,000 to £406,000 during the six months to end-March. Turnover rose from £1.92m to £2.34m.

The figures reflected costs associated with starting up Radio Brunel, a medium wave channel which went on air in November. The company warned that costs of the new channel – designed to appeal to affluent middle-aged listeners – would restrict group profits over the whole year.

Earnings per share worked out at 20.5p, up from 19p in the comparable period; fully diluted earnings were 18.8p (17.4p). The interim dividend is 3p (nil).

In a separate development, GWR is making a slight improvement in the terms of its offer for CRH. CRH shareholders are now being offered 37.4 new GWR shares for every 100 CRH held, valuing the group at about 265p per share compared to 262p in the original offer. The change has been made for technical reasons.

Advertising demand boosts Metro Radio

By John Ridding

METRO RADIO Group, the independent radio operator for the north-east of England which joined the USM in December last year, yesterday announced pre-tax profits of £693,000 for the six months to the end of March, an increase of 88 per cent.

The results are the latest illustration of the buoyancy of the independent radio sector, which has seen profits and share prices climb rapidly over the last year. Metro's Shares, which were floated at 110p, yesterday closed at 190p, 3p up on the day.

Turnover for the interim period increased from £2.43m to £3.08m as a result of the rising demand for advertising in the region and the increased share going to radio. Earnings per share climbed from 3.2p to 5p and there is an interim dividend of 1.25p (0.5p).

The bulk of profits came from advertising sales, with a contribution increased from £184,000 to £400,000. The production of radio commercials brought £70,000 and sponsorship deals returned £117,000. The balance included around £70,000 from investment of the net flotation proceeds and interest receipts.

Mr Neil Robinson, managing director, said that Tfm, the station which broadcasts to Cleveland and North Yorkshire, had increased its listening audience by 38 per cent.

Mr Robinson said around £130,000 had been spent on start up costs for a new station, Great North Radio. This would be taken as an exceptional item at the year end.

Metro Radio has said that it has a clear strategy of acquisitions in the radio sector ahead of the industry deregulation outlined in the government's white paper on broadcasting.

News Digest

LAING PROPS

Chelsfield raises stake to 10.4%

CHELSFIELD, the private property company controlled by Mr Elliott Bernerd, has increased its stake in Laing Properties again.

The group has bought a further 1.21m ordinary shares through Chelsfield Securities, increasing the total holding from 8.3 per cent to 10.4 per cent.

Mr Bernerd is a former senior executive of Morgan Grenfell, the merchant banking group, and Stockley, a property group taken over by Mountleigh in 1987.

Chelsfield's stake in Laing first emerged last summer, but the quoted property group does not regard it as a threat. Family interests account for about 38 per cent of Laing Properties' equity.

HARDING GROUP

Good start in both divisions

Harding Group, the electrical distributor and maker of concrete floor joists, reported taxable profits for 1988 ahead 21 per cent at £1.25m. Turnover was £21.43m, a rise of 39 per cent.

From earnings per share of 7.15p (6.05p) directors are recommending a final dividend of 1.65p making 2.75p. The company joined the USM in May last year.

There was an extraordinary debit of £74,000 relating to the closure of the Puma plant at the end of the year.

Directors said the present year had started well in both divisions. No further decline in margins was expected unless housebuilding demand fell below present predictions.

TMD ADVERTISING

Tops £1m with 84% increase

TMD Advertising Holdings, the USM-traded media buyer, increased pre-tax profits by 84 per cent from £600,000 to £1.1m in the six months to end-February 1989.

The result was struck on turnover up 89 per cent to £66m (£35m), tax took £419,000 (£228,000) after which earnings per 5p share rose 61 per cent to 10.4p (6.5p). The directors have decided to pay a maiden interim dividend of 1.5p.

Mr David Reich, chairman, said each of the group companies had made new business gains, among which were assignments from Benard Matthews, COI, Debenhams, Iceland Frozen Foods and Sterling Health.

The company was now the seventh-largest buyer of UK media, he said, yet it handled none of the UK's top 20 advertisers. The opportunities for further organic growth were therefore enormous.

ROLLS-ROYCE

Bid for NEI unconditional

The recommended offer on behalf of Rolls-Royce for the issued and to be issued share capital of Northern Engineering Industries has been declared unconditional.

Valid acceptances of the offer have now been received in respect of 140.3m NEI shares representing 59.7 per cent of the issued ordinary capital.

Together with acceptances from an associate and the Rolls-Royce Pension Fund and taking into account the 11m NEI shares Rolls-Royce owned prior to the offer period, Rolls therefore owns a total of 151.8m NEI ordinary (64.4 per cent).

T'MORROWS LEISURE

Major sale being discussed

Tomorrows Leisure, the hotel and snooker club operator traded on the Third Market, yesterday announced that it has received an approach which might lead to the disposal of an unspecified major asset at a price substantially in excess of book value.

The company said, however, that negotiations were still at a preliminary stage.

The announcement was made in response to the recent rise in the Tomorrows Leisure share price. Since the beginning of the year the share price has advanced from 28p to stand at 65p before yesterday's announcement.

JANTAR

Cargo Control taken over

Jantar, the shell mining and minerals trading company which was taken over by Mr Stephen Parris and European Trust in April, is to acquire Cargo Control Equipment, a manufacturer of load restraint equipment, for an initial £793,000 in shares.

Mr Parris, ex-stockbroker and now Jantar chairman, said this acquisition represented the first stage in the development of Jantar as an industrial holding company initially concentrating on the light engineering sector.

In the eight months to February 28, Cargo made a pre-tax profit of £57,000 on turnover of £780,000. At that date, net assets were £177,000.

Jantar's shares were suspended at 130p yesterday pending shareholders' approval of the deal.

CHELSEA ARTISANS

Losses follow new product

The development of a new product with the potential "to completely transform the glass panelling and external cladding industry" has initially placed Chelsea Artisans into the red with a pre-tax loss of £107,069 for the 12 months to December 31 against profits of £223,554 in the preceding year.

The company, quoted on the Third Market, said that its primary business, diamond mirror and marble products, continued to do well but the development of the new product – Chromatics – incurred additional costs of £228,119.

Turnover rose from £2.06m to £2.29m; earnings per 5p share were 0.9p (8.3p). The dividend is maintained at 1p.

COMPANY NEWS IN BRIEF

BRITISH DREDGING: Mr Fane Vernon, chairman, told annual meeting that trading conditions remained buoyant. He added that there were strong indications that the market value of some of the group's properties was substantially in excess of net book value and a revaluation would take place.

W CANNING: Chairman told agm that group sales were currently running in excess of £100m per year and Gamlen, which joined the group in January 1989, was performing to expectations. It was board's intention to reduce the disparity between interim and final dividends. Accordingly, the interim for 1989 will represent about 40 per cent of the total expected dividend for 1989.

CAPARO INDUSTRIES has acquired Davy Forge, a manufacturer of closed die drop forgings in steel and alloy, from Davy Corporation for £90,000 cash. Liabilities of Davy Forge include an overdraft of £3.13m which will be refinanced within the company's banking facilities. Davy has been released from its guarantee of the overdraft. Unaudited accounts for Davy Forge for the year to end-March showed net assets of £2.13m after capitalising loans to Davy of £3.63m. Loss before tax and extraordinary items was £250,000 on sales of £7.85m.

DEVITT GROUP: The recommended offer from Steel Burrill Jones Group has been declared wholly unconditional. Acceptances have been received totalling 95.71 per cent of the ordinary shares. The offer remains open until further notice.

EIS GROUP: The recent rights issue of 4.7m new ordinary shares was taken up in respect of 4.52m shares (96.24 per cent).

EVODE GROUP now owns or has received acceptances for 23.13m (61.6 per cent) of Chamberlain Phipps ordinary shares and 110,862 (44.3 per cent) of the company's preference capital.

HEWDEN-STUART: Sir Matthew Goodwin, chairman, told annual meeting that the company's sales since the start of the year had been maintained at a high level, with profits running in excess of the same period last year.

IMI: Sir Robert Clark, retiring chairman, told shareholders at agm that all five divisions had a good first quarter and while he thought 1989 might be harder than 1988, he was confident that the company would achieve further reasonable growth. Sir Robert is succeeded as chairman by Sir Eric Pountain, the executive chairman of Tarmac.

IMPERIAL CHEMICAL Industries is buying the remaining 50 per cent of Nurel SA, a Spanish fibre producer, subject to Spanish government approval. The value of the assets being acquired is less than 1 per cent of ICI's assets.

LAPORTE INDUSTRIES (Holdings): Mr Roger Bexon, chairman, told annual meeting that growth was set to continue in current year. With expection of peroxygens, core businesses performed extremely well and overall produced an increase in pre-tax profits of almost 30 per cent. Group operations across a variety of chemical activities worldwide provided the benefit of making group less vulnerable to effects of specific economic events, he added.

MERGER CLEARANCES: The proposed acquisitions by Black and Decker of the Emhart Corporation, and by Misys of Zygal Dynamics, will not be referred to the Monopolies and Mergers Commission.

NEW LONDON OIL is to acquire Dofico Oil Assets (Dover), a subsidiary of Sidro. Sidro currently holds 24.7 per cent of New London. Dover holds substantially all of Sidro's US oil and gas working interests. Its principal interest is a 34.25 per cent working interest in the Blue Hill Field, Kansas, a field already operated by New London Oil.

RPS GROUP has conditionally agreed to purchase the 40 per cent minority stake in RPS Environmental Sciences it does not already own. Consideration is a maximum £250,000 and an initial allotment of 126,000 shares will be made on completion with further issues dependent on profits. Purchase is subject to shareholders' approval.

TOMKINS has reached agreement to purchase the business and assets of Poppe Manufacturing from FKI Babcock. The Poppe business will form a new division within Tomkins' Northern Rubber subsidiary.

TUSKER RESOURCES believes it has confirmed the presence of a large oil accumulation in its Manacacias concession in Colombia, where it has a 43.2 per cent net interest.

TYSONS: Donelon Tyson now owns or has received acceptances in respect of 19.15m shares representing 85.1 per cent of Tysons' issued capital. The offer has been declared unconditional in all respects.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims- Baggeridge Brick, Bass, Capital Radio, Childrens, Midsummer Leisure, NFC, Perpetual, Tomkinsons.

Finals- Foster (J), Gieves, Holmes Protection, London & Assoc Inv Trust, Ocean Wilsons, Sainsbury (J), Select Appointments, Whitbread.

FUTURE DATES

Interims-	
Dobson Park	May 25
Wolverhampton & Dudley	May 25
Finals-	
Apricot Computers	May 23
Associated British Foods	May 22
Cater Allen	June 14
French Connection	May 19
Land Securities	May 24
Murray Technology	May 22

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres-ponding dividend	Total for year	Total last year
Allied-Lyons	fin	10	July 28	8.85	15	13
Blenheim Exhib §	int	4†	July 3	2.4	-	8
Calor Group	fin	11.6	Aug 14	10.5	17.6	16
Concentric	fin	2.81	July 3	2.34	-☆	7.8
GWR §	int	3	-	-	-	-
Harding Group §	fin	1.65	-	-	2.75	-
Metro Radio §	int	1.25	July 4	0.5	-	2
Nu-Swift	fin	9	July 12	8	15	10
TMD Advertising	int	1.5†	June 23	-	-	3
Vaux Group	int	2.59	July 14	2.16	-	6.53

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ♦Third market. ‡Final dividend of not less than 6.55p forecast. ☆Carries scrip option.

Isosceles gets response to its attack on remuneration arrangements

Gateway discloses cost of schemes

By Nikki Tait

GATEWAY, Britain's third largest food retailer which is currently fighting a £1.73bn bid from the newly-formed Isosceles company, yesterday said that the total sum payable under its "phantom incentive schemes" in the event of a takeover at 195p a share would be under £1m.

At a level of 210p, the cost would be £4.32m and at 230p, £11.84m.

The scheme had come under attack from Isosceles, which was questioning its extent and its cost in the event of a successful bid for the food retail group. The Isosceles bid is currently pitched at 195p a share.

Gateway, which had earlier declined to spell out full details of these remuneration arrangements, said yesterday that they extended to 258 people. It added that the group has two phantom incentive schemes which are "an established part of the company's remuneration policy."

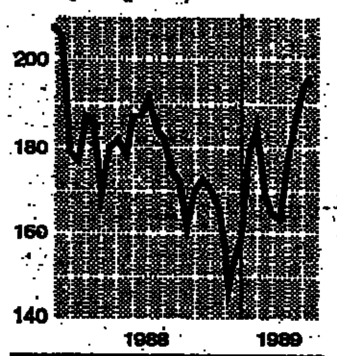
The arrangements, it explained, entitle holders of the incentives to receive a cash sum equal to the excess over specified base prices of the Gateway share price ruling on the date when the incentives are exercised. Unlike conventional share option schemes, phantom schemes do not involve the issue of actual shares to participants; the cash sum is instead paid out by the company.

Yesterday, a number of remuneration consultants suggested that such schemes are becoming increasingly common in the UK — partly because some companies have reached the limit in terms of the number of shares which can, under institutional guidelines, be granted to employees through conventional options schemes. One consultant estimated that some 20 to 30 companies within the FT-100 Share Index might have "phantom incentive schemes".

Gateway says that under the arrangements introduced in October 1988, a total of 18.26m phantom incentives have been granted with a base price of 170p. Staff who hold these incentives can normally exercise one-fifth of their entitlements following each of the five financial years 1990-1994. The full number would normally be exercisable once the Gateway share price topped 272p.

Gateway

Share price (pence)



In addition, some or all of these incentives can be exercised in the event of successful bid for the company.

There are also 1.09m phantom incentives outstanding from an earlier arrangement, which could also be exercised in the event of a bid – this time, with a base price of 148.8p.

However, Gateway takes issue with Isosceles's claim that "half the options" become exercisable if a takeover is successful at 195p a share, and points to the relatively low cost in the event of bids at 195p, 210p and 230p. It dismissed the Isosceles attack as "another diversionary tactic."

Yesterday, a spokesman for the investment protection committee of the Association of British Insurers, which represents many large institutional investors, said that although remuneration was a matter for companies' managements, it believed that such arrangements should be disclosed, allowing shareholders the opportunity to discuss any issues raised if they so wished.

Nu-Swift profits up by 26% to £24.41m

By John Thornhill

NU-SWIFT, the fire extinguisher manufacturer and distributor, lifted pre-tax profits by 26 per cent from £24.41m to £30.76m in the year to December 31.

A £350,000 contribution from a US acquisition and a change in exchange rate policy, which had the effect of adding £982,000, enhanced the gain in profits. The amortisation of goodwill on the acquisition, however, reduced pre-tax profits by £500,000.

Turnover rose by 36.7 per cent to £183.7m (£134.34m). A final dividend of 9p will make 15p (10p) for the year.

Earnings per share advanced by 39 per cent to 38.31p (27.65p).

Mr Jacques Murray, chairman, said 1988 marked the significant enlargement of the group geographically and by core activity.

HP Cleaning, a US building maintenance and service group, was acquired in November and for the last two months of 1988 contributed £45.92m in turnover and £350,000 to profits. This acquisition demonstrated the logical development of the group as it continued to explore opportunities to invest in service-related companies, Mr Murray said.

The Sicli Group, Nu-Swift's French operating arm, reported a 26 per cent rise in pre-tax profits from FFr 191.3m (£19.6m) to FFr 241.1m (£22.9m). The chairman said this result was due to the continued effects of previous rationalisation, the centralisation of manufacturing capacity and the reorganisation of the distribution network, which resulted in the recording of an extraordinary loss of £488,000.

Nu-Swift International, the group's main UK division, increased profits by 18 per cent to £6.5m and the opening of months of 1989 suggested that another good year was in prospect.

Nu-Swift has decided to change its exchange rate policy by using the average rate prevailing throughout the year rather than the rate at the balance sheet date.

Concentric launches rights issue as profits rise 51%

By Richard Tomkins, Midlands Correspondent

CONCENTRIC, the West Midlands engineering group that has shown strong profits growth under the chairmanship of Mr Tony Firth, yesterday surprised the market by accompanying a 51 per cent increase in interim pre-tax profits with its first cash call in 13 years.

It is raising £7.1m through a one-for-seven rights issue of 2.82m shares at 260p per share. The offer is underwritten by Robert Fleming, the merchant bank.

Mr Firth said Concentric had reached the stage where its potential growth was likely to outpace its ability to finance it, particularly in terms of investment in plant and machinery.

"We have no major acquisitions in mind, nor major areas of investment," he said. "It's just the fact that each company in the group has considerable opportunities to expand, and the rights issue will enable us to grow the whole thing a bit more quickly."

Pre-tax profits rose from £2.61m to £3.95m in the six months to April 1 on turnover up by 28 per cent from £43m to £52.8m. Earnings per share were 49 per cent ahead at 13.02p (8.76p).

The interim dividend is raised from 2.34p to 2.81p and a final of 6.55p is forecast.

Mr Firth would not break down the profits increase but said all parts of the business had done well, though there had been a hiccup in demand for gas controls because of lay-offs in the white goods industry. The RMI Smethwick foundry bought in November 1987 had been turned round into profit.

Exports were ahead by 36 per cent and now accounted for 25 per cent of sales, Mr Firth said, and production of engine parts and plastic injection mouldings was about to begin in the US. The outlook was "most encouraging."

● COMMENT

Although caught unawares by the rights issue, the market was unabashed: the reasoning for the cash call seemed sound, and the share price, unchanged at 299p against a falling market, indicated that the new stock would be readily taken up. At 260p, it looks something of a steal, for Mr Firth's inscrutability has done nothing to shake confidence in his ability to deliver another strong performance in the second half. Doubling the interim figure and throwing in £300,000 for interest savings suggests at least £8.3m pre-tax for the year, putting the new stock on a multiple of 10 and the existing shares on a p/e of 11.5. The latter figure reflects a sharp re-rating of Concentric's stock over the last six months and a considerable premium to the sector; but the sight of five-year compound earnings growth of nearly 35 per cent has persuaded the City that it is deserved.

Oliver wins at North West

By Clare Pearson

OLIVER RESOURCES, the Dublin-based oil and gas group, has finally succeeded in its attempt to gain control at North West Exploration, the Belfast prospector where it controls nearly 30 per cent of the shares.

At an extraordinary meeting in Enniskillen, Northern Ireland, on Monday, North West shareholders voted in favour of proposals put by Oliver to vote down the board and reject a gypsum supply deal with Sean Quinn (Quarries).

This was after they had turned down plans put by the outgoing North West board to acquire Antioch Resources, a North American mining company, and to issue new shares to finance it.

The egm was originally called by Oliver, which became North West's biggest single shareholder after it failed in an £8m hostile takeover bid last December. Four Oliver nominees, including the company's chairman Mr Oliver Waldron, take over.

Oliver had described the agreement with Sean Quinn to sell the gypsum deposit in return for fixed annual payments as "squandering the principal asset of the company".

Transcontinental Holdings, an Australian company which supported North West during the bid, earlier agreed along with another shareholder to sell a 9.7 per cent stake in the company to Oliver if its proposals won shareholder support. This will give Oliver about 28.5 per cent of the shares.

Queens Moat £70m placing

By Vanessa Houlder

Queens Moat Houses, the international hotel group, yesterday announced plans to raise more long-term funds through a £70m placing of debenture stock.

The proceeds will be used to refinance £20m of sterling variable rate borrowings and to finance the company's expansion plans. In the next three years it expects to spend £70m on hotel extensions and improvements and a further £50m on the construction of new hotels. It is also likely to make acquisitions.

The company is issuing £70m nominal of 10¼ per cent First Mortgage Debenture Stock 2020. It already has in issue £15m nominal of 12 per cent debenture stock and £35m 10¼ per cent debenture stock.

Including existing debenture stock, the company has borrowings of £455m which is predominantly in foreign currencies. The company said it had no plans to reduce its gearing, which stood at 70 per cent at the year end.

Macmillan unveils $31m sale

By Andrew Hill

MACMILLAN, the US publisher controlled by Mr Robert Maxwell, is to sell the Katherine Gibbs Secretarial Schools and itstechnical schools division to Phillips Colleges, a privately-owned US college group, for $31.5m (£19.2m).

Mr Maxwell heralded the disposal in February, when he announced that four Macmillan companies or divisions would be sold.

The Maxwell empire is attempting to reduce debt incurred following a number of large acquisitions in the US last year and has already realised more than $1bn with disposals since the beginning of last year.

Katherine Gibbs, founded in 1911, provides day and evening class instruction and specialises in office skills training and business programmes for high school and college graduates, as well as retraining for adults.

The technical schools provide training in areas such as diesel, auto mechanics and electronics.

The acquisition means Phillips, based in Mississippi, will have 85 colleges in over 24 states.

Other parts of the Macmillan business earmarked for sale are Gumps, a speciality store and mail order company, and the direct marketing division, which includes the US group's professional book clubs.

Uncertainty has surrounded the future of the prestigious Berlitz language centres, also owned by Macmillan.

Mr William Reilly, the publisher's president, said in yesterday's statement that the group would focus on publishing, information and language instruction, suggesting Berlitz will be retained.

Macmillan still belongs to the off-balance sheet company which bought it last year, but Mr Maxwell intends to integrate the publisher with Maxwell Communication Corporation, his principal quoted vehicle, by September.

Carpet sales up at Hugh Mackay

Mr John Mackay, chairman of Hugh Mackay, the carpet maker, told the annual meeting that carpet sales had increased significantly compared to this time last year.

Sales of its more expensive products, especially Wilton carpets, have been performing particularly well and longer delivery times are being quoted owing to higher demand.

Overseas sales in Europe have been lower than last year, but sales to the USA have been buoyant.

The company is planning to increase prices in June to take account of raw material price increases in the past few months, and a wage increase on June 1.

Express Newspapers below target

Lord Stevens, chairman of United Newspapers, said at yesterday's annual meeting that the trading position in the first three months of the year had been satisfactory but Express Newspapers performance in the first three months was slightly below expectations.

WH Smith offers to tidy up Molinare minority

WH Smith, the retail and distribution group, is offering up to £4.4m cash for the outstanding 48.9 per cent of its USM-traded subsidiary Molinare Visions, an operator of television and video production facilities, writes Vanessa Houlder.

Smith is offering 30p upon acceptance and a further 3p if it achieves full ownership before January 31 1990. Molinare's shares rose from 29½p to 30p.

WH Smith bought its existing 51.1 per cent stake in Molinare for £7m in June 1987.

MANAGEMENT

A strategy for recovery

Nissan goes on the offensive in a bid to shake off its dull image

Kevin Done explains how the number two Japanese car maker aims to regain lost ground in its home market

After years as the powerful but unappealing caterpillar of the Japanese automotive industry, Nissan is seeking to emerge from the chrysalis as a graceful butterfly among the world's car makers.

It is rapidly shedding its image as a producer of worthy but essentially dull cars and – with a series of successful new model launches – is finally on the offensive again.

At the same time it is regaining financial respectability, reflected in a doubling of its share price in the past 18 months.

In the 12 months to the end of March it secured a small increase in its domestic market, ending an eight year period of continuous decline. The increase of 0.3 percentage points to 23.6 per cent may appear marginal at best, but at Nissan's headquarters in the heart of Tokyo's Ginza business and entertainment district, it is being taken as the turning point.

Yutaka Kume, Nissan's president, has set the company the target of regaining a share of as much as 30 per cent of the domestic market over the next five years. "We are aiming at 25 per cent in the current financial year [to the end of March 1990]. We were losing market share with the falling attractiveness of our products. We have studied why we lost that market share and our product line-up is now much better. I think we can now gain one percentage point of market share a year."

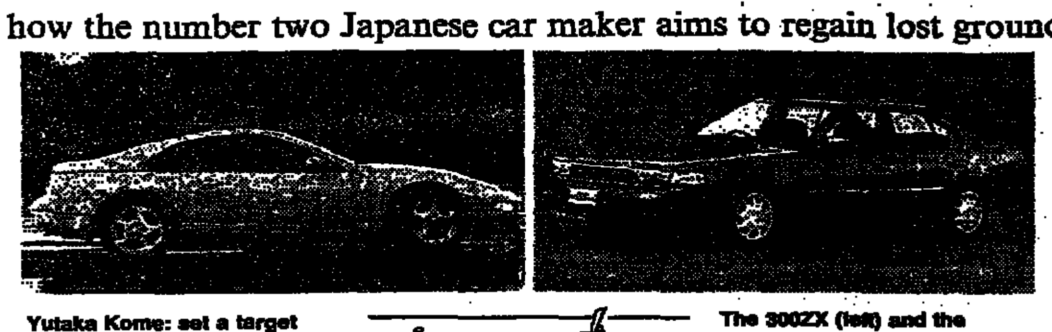
Japan's number two car maker has been living for years in the increasing shadow of Toyota, the giant of the domestic market. While Toyota has increased its share from 30.8 per cent in 1967 to 42.7 per cent last year, Nissan has seen its share of the Japanese vehicle market plunge from close to 34 per cent in 1972 to only 23.4 per cent in 1988. Along the way Nissan slumped into the first operating loss in its history in the financial year to March 1987.

Dogged by periodic labour unrest for much of the post-Second World War period, Nissan had also failed to make the quantum leaps in efficiency and productivity achieved by some of its domestic rivals, most importantly Toyota.

At the same time the effectiveness of its domestic dealer network had been undermined by a policy of discounting and incentives employed in an ultimately fruitless attempt to bolster dwindling domestic sales.

Abroad, though, Nissan emerged as the much more adventurous of the big two Japanese vehicle makers, building a wholly-owned production operation in the US much earlier than Toyota, though less quickly than Honda, and emerging as the clear Japanese leader in western Europe.

Yutaka Kome: set a target of regaining a 30 per cent share of the domestic car market over five years



The 300ZX (left) and the Maxima, both of which will eventually sell in the US, Europe and Japan

However, it became highly dependent on the stream of earnings from its direct exports to the North American market – according to one leading Tokyo analyst, Nissan's US earnings were accounting for as much as 120 per cent of its operating income – and foreign earnings helped to bankroll its lacklustre domestic performance. The shortcomings at home were thus cruelly exposed as the value of the dollar fell and the yen was effectively revalued by 90 per cent between September 1985 and April 1988.

Less able than many of its domestic rivals to fall back on the domestic market, Nissan's financial recovery has taken longer to make headway.

With the undermining of their export earnings, Japanese car makers have placed a wholly new emphasis on the domestic market. Their efforts have been helped by determined government action to boost domestic demand and reform car taxation; this has allowed car makers to cut prices this year by anything from 4 to 15 per cent.

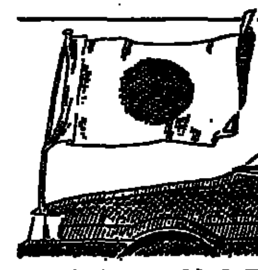
One outcome is that, according to Tokyo analysts' estimates, around 20 per cent of Nissan's earnings now come from the home market. Toyota, meanwhile, now earns 70 per cent of operating income at home compared with over 70 per cent from exports in 1984-85; it has become Japan's most profitable corporation.

In the next few weeks Nissan is expected to unveil parent company operating profits of as much as Y93bn (£409m) for the year to the end of March 1989. This is according to analysts' forecasts – which also predict that its operating income in the current financial year will still only be around 70 per cent of its 1979-80 peak of Y179bn.

Behind the recovery lies an impressive transformation of Nissan's operations. In a Nomura Securities report, the leading Japanese securities house states: "The company replaced its president, restructured its domestic sales network, shifted 5,000 people from its head office operations to its local dealers and replaced most of the chief designers. It introduced new models, all of which have done well in the market."

At the same time, with the launch of a series of attractively styled up-market models, Nissan has caught with perfect timing the domestic trend towards bigger, more powerful – and more lucrative – cars.

It appears to have dealt successfully with its legacy of labour problems and has made great strides in improving the productivity of its domestic plants. It has also reduced the costs of its supplies and components by squeezing supplier



JAPAN AND THE WORLD CAR MARKET

margins; has realised savings in production costs through the more rational design of new models; and has speeded up programmes to increase local content levels at its overseas production plants.

Kume, who took over as president of Nissan in June 1985 shortly before the dollar began to plunge, says that he has been trying "to make the company less vulnerable to exchange rate fluctuations. In order to make that possible we have been putting our efforts into the domestic market to increase sales and improve profitability," he explains.

In parallel Nissan is pushing ahead rapidly with its build-up of an overseas production base – in the US, western Europe, Mexico and Australia.

It is also seeking to diversify its operations with the medium-term aim, says Kume, of increasing non-automotive operations, chiefly aerospace equipment, textile machinery, and industrial machinery and marine products from 2 to 10 per cent of group turnover.

Some 18 months ago Nissan launched a plan aiming to increase domestic sales from 1.02m vehicles in 1987 to 1.3m vehicles by 1991, but it underestimated the boom off in overall demand in the Japanese market. "Now we are making a plan where the target is 1.5m units by 1990 or 1991," says Kume.

In Japan, where a very high proportion of car sales are made by door-to-door selling rather than in the showroom, the number of salesmen is crucial and Nissan has increased their number by 10 per cent to 30,000.

At the same time it has totally reorganised the domestic sales network, by creating geographical sales regions with the aim of stopping its five national sales channels from competing with each other rather than with rival manufacturers.

Nissan owns about half of its retail outlets in Japan – by contrast Toyota has many more independent dealers – and a big factor behind the 1987 loss was the move by Nissan to make heavy loan write-offs to the dealer network.

Nissan accepts that "bad labour relations" had impeded the company's progress during the first half of the 1980s; by the beginning of the 1980s a running battle had developed between the previous president, Takashi Ishihara, now Nissan chairman, and Ichiro Shioji, the veteran head of the Nissan union.

The internal power battle was finally resolved in 1985 with the demise of Shioji and the breaking of his hold over the Nissan personnel department. "I have been president for seven years, and some-

Parent company operating income (Year to March 31)

	Yen bn	% change
1980-81	124.50	-19
1981-82	134.30	+7.9
1982-83	102.10	-24.0
1983-84	61.60	-39.8
1984-85	70.60	+15.3
1985-86	58.90	-16.7
1986-87*	(8.50)	–
1987-88	47.61	–
1988-89†	92.00	+93.2
1989-90†	120.00	+30.4

*Loss †Estimate by Nomura
Source: Nomura Securities

where between 70 and 80 per cent of my time has been spent dealing with the union," said Ishihara a year before handing over the executive reins to Kume in 1985.

With that battle already won Kume faced the task of making Nissan an innovative force again in the Japanese auto industry. It was a task he had begun in his earlier position as executive vice president of research and development. "I realised we had to go back and examine the market. I restructured the R&D organisation. In the past Nissan was technology-oriented and not market-oriented. I looked at how to create an atmosphere for designers and engineers to work freely."

At the same time Nissan has created a system – similar to that gradually adopted by many other car makers around the world – of creating a project team for each model programme. "I have transferred many people to design, from manufacturing and purchasing and engineering," says Kume.

"There is a project leader responsible for achieving the targeted cost. When we make new models there is a target price, and then we set target costs for everything, for the engine, for the body etc."

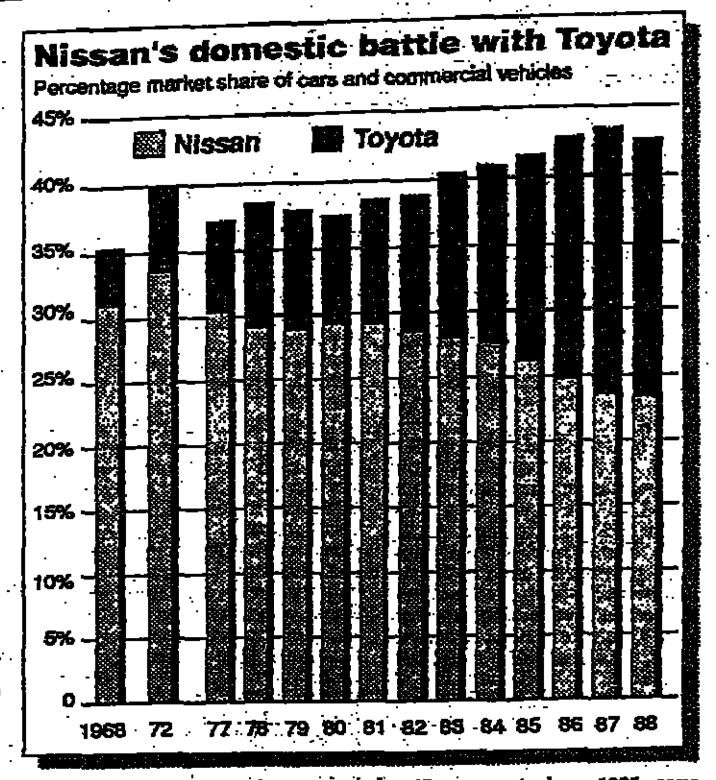
According to Zenso Sonoda, Nissan executive vice president in charge of product design, the company has clarified the market segment for which individual models are to be built. "In order to appeal to segment A, you can be disliked by segment B," he says. "We have defined the segment and then made cars to fit it.

"Cars that suit all the needs of the general public cannot compete if people prefer cars that are fashionable. We must be superior in these fashionable makes. Take food. If you are hungry, you have to satisfy the hunger. But if you are more affluent it comes down to particular likes and dislikes."

At the same time Nissan has developed a so-called lead country system, where it decides which regional market – the US, West Europe or Japan – is the main target for a new model. "We have clearly defined each segment and each targeted customer." Requests still come from the domestic market for alterations to car model ranges targeted in the first instance at foreign markets, says Sonoda, "but we do not listen."

This ruthless approach is now coming to fruition with a stream of new model launches ranging from the ambitious new line of Infiniti luxury cars to be launched in the US in the autumn and designed to compete with the might of Mercedes-Benz, BMW and Jaguar, to the limited production run for the domestic market of the S-Cargo, a fashionable small van.

In its manufacturing plants the hard-won co-operation of the workforce has brought big gains in labour productivity –



by 45 per cent since 1985, says Kume.

"In the past we had not been able to increase productivity as we wanted, because of the opposition of the labour unions to improvement activities at plant level. Now these problems have been solved." New measures include investment in new facilities, changed plant lay-outs, changes in the work process, the installation of more robots and changed maintenance procedures.

Abroad Nissan has also stepped up the pace of investment in overseas manufacturing capacity. Already this year it has announced plans to invest about $490m virtually to double its US capacity to 440,000 vehicles a year by 1992/93. At the same time Kume said last month that Nissan's ambition is to have a capacity of producing 600,000 vehicles a year in West Europe – 400,000 cars and 200,000 commercial vehicles by the late 1990s.

It is a considerable transformation since the mid-1980s. According to the Nomura Securities' report, Nissan has overcome its high export ratio and weak domestic dealer network to strengthen the fundamentals of its business. Combined with successful new model launches and the build-up overseas, Nissan was putting itself "laps ahead in the world auto race."

Previous articles in this series were published on May 12 and 15.

TECHNOLOGY

A heart drug born of a 'crazy idea'

David Fishlock describes how a natural enzyme was modified for use as an emergency injection

Blood is a bistable fluid that flips readily between liquid and solid states. Puncture the circulatory system and it promptly solidifies to seal the wound.

Slowly, the clot will return to the liquid state, under the influence of enzymes present naturally in the blood.

In London yesterday, Beecham Pharmaceuticals launched a new "semi-synthetic" drug that will liquefy a blood clot within minutes. The company invented the drug as a "clot-buster" for heart attack victims, to unblock blood vessels before the clot causes permanent – perhaps fatal – damage to the heart muscle.

It is a bacterial protein, made partly by chemical synthesis and partly by biotechnology.

Eminase is the first heart drug to emerge from a research programme on cardio-vascular drugs which has cost Beecham more than £120m since the early 1970s, says Keith Mansford, managing director of Beecham research and medical activities and research director-designate of the proposed Smith Kline Beecham merged company. He estimates that Beecham is currently spending £25m a year on thrombolytics research and development.

The beauty of Eminase is that it can be given as a one-shot emergency injection into a heart attack victim, leaving its built-in chemistry to control the rate of delivery over several hours. Other thrombolytics – from streptokinase to tissue plasminogen activator (TPA) – must be delivered slowly (perfused) by drip into the blood, which takes about an hour.

Eminase was invented by Richard Smith, a Beecham chemist who in 1972 joined a feasibility study seeking commercial opportunities for using enzymes in industry and pharmacy. He was asked by the study group leader, Joseph Green, for his ideas on how new enzymes might dissolve blood clots.

He conjured up many such ideas, "mostly completely crazy," he says. One that seemed crazy at the time was the idea that one might fool an enzyme into tolerating the grafting on of a synthetic chemical appendage. He speculated that such a graft might be used to modify the natural bio-activity of a clot-eating enzyme, to turn it into a thrombolytic drug.

One of his objectives was to include a built-in delivery system that would allow the drug to be administered in one go, but once inside the body the enzyme would be released slowly so as to act without upsetting the patient.

Smith conjectured that, by grafting, a chemist might improve the performance of an enzyme called streptokinase-plasminogen complex, present naturally in blood, the clot-dissolving properties of which had been identified in the 1940s.

Beecham invented the drug as a 'clot-buster' for heart attack victims

This idea is illustrated in the diagram of the conceptual enzyme. "At the time it didn't seem very sensible because we thought it would be unstable." Moreover, to a chemist in those days the study of blood was a black art, he says.

The trouble with streptokinase is that it acts quickly and fades quickly, lowering blood pressure dangerously but spending itself in only two or three hours. He visualised a much tamer agent which lasted for longer and stopped clots reforming once it was spent.

He picked on the acyl group, part of an enzyme's natural chemistry, as a possible way of taming the enzyme. He knew it would not interfere with other important properties, such as its ability to cling firmly to fibrin – the reinforcing mesh of a blood clot – by its "kringles", until the clot dissolves.

He bonded a synthesised acyl group to the enzyme's "catalytic centre", the seat of its bio-activity. To his delight, he found that in aqueous solution the "hybrid" organisms were stable enough to shed acyl groups steadily, prolonging bio-activity.

By 1976 Beecham researchers had reached the stage of serious biology with acyl-enzyme hybrids, he says. This included the development of tests for efficacy and safety.

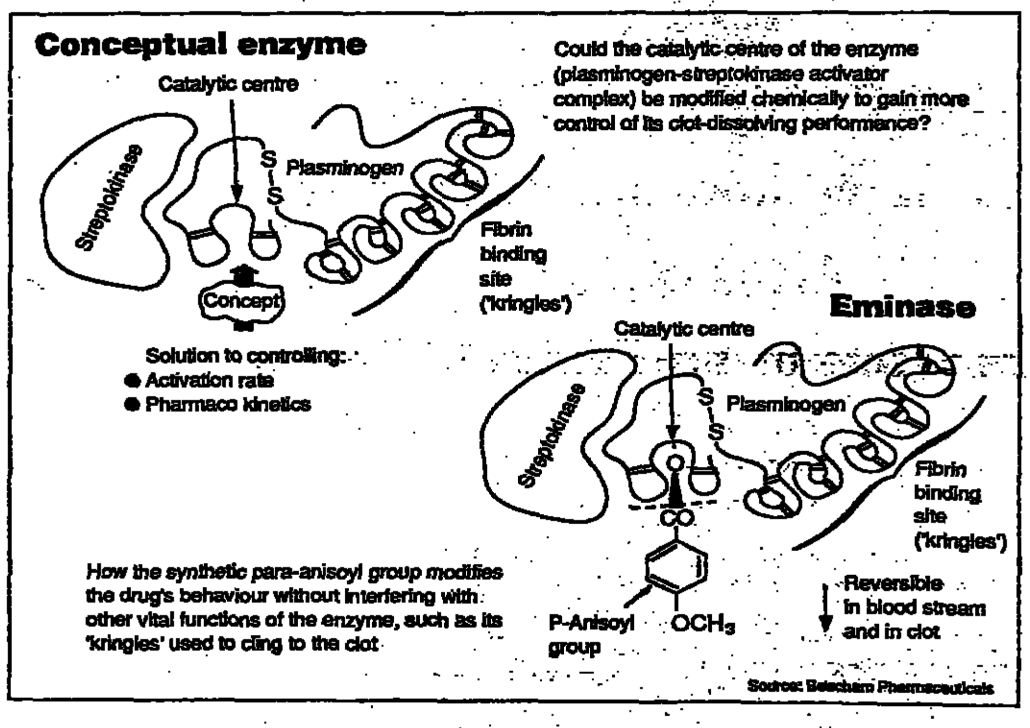
By 1978 they were demonstrating surprisingly significant biological effects. "We hadn't predicted such major ones," he admits. But the scientists were hampered by having only a few acyl groups to experiment with.

Then by happy chance someone spotted a Japanese chemistry paper that opened up many more promising chemical appendages relating to acyl. Today they know of more than 200, he says.

The para-anisoyl group – in effect a big polymer – responsible for Eminase's action was first synthesised in 1979. "It's a milder, more gentle way of presenting a powerful enzyme to the body. It paces the enzyme," says Harry Ferrers, who came in to head the research group once it became a serious attempt to design a new thrombolytic drug.

Smith and his colleagues published their discovery of acyl-enzyme hybrids as thrombolytics in Nature in 1981, concluding that the most promising version "may lead to useful improvements in the management of venous thrombosis and some types of arterial thrombo-embolic disease."

At about the same time, heart physicians confirmed that the new technique of angiography, allowing them to see what was happening in the heart's blood vessels, revealed that blood clots were often the cause of damage and death in myocardial infarction – heart attack. Usually, the post mortem on a heart attack victim shows no sign of a clot because the blood's own enzymes have dissolved it.



After publication in 1981, Beecham's thrombolytics team spent the intervening period on the expensive development phase: exploring the complex science of blood clots, working out the chemistry and biotechnology for making Eminase, and conducting clinical trials involving more than 4,000 patients to win a product licence in Britain.

In the laboratory the drug's action is vividly demonstrated, as it starts to turn a blood clot back into red blood in about 90 seconds, and has completely dissolved it within an hour.

"Eminase couldn't be easier to give," claims Ferrers. In Brighton, the emergency services are training ambulancemen to give the injection as soon as they reach a heart attack victim.

The research team has also been searching for a successor, says Smith. Streptokinase, introduced for patients in the 1960s, is seen as representing first-generation thrombolytics. Eminase and genetically engineered TPA represent the second generation, which is more powerful and more specific in dissolving fibrin, with less damage to the blood.

The third generation will be designed to gain still greater control of clot-busting, perhaps by combining the advantages of TPA and Eminase, suggests Smith. But it may take another decade to reach the market.

Nuclear agency offers answers to non-nuclear questions

Suppose you need a pump for strawberry jam that will not mash the fruit; or a shell that will pierce the most impenetrable armour. Would you think of asking the UK Atomic Energy Authority?

To most people, this research agency's skills seem far removed from such problems. Yet it claims to have answers to both. Moreover, in a new role, which was announced yesterday by the UK Government, it will be free to tackle such problems world-wide – for much-needed cash.

When Freddy Clarke, director of business development, started the job 18 months ago, the future of the £450m-a-year research agency was already in doubt. Clarke urgently needed to find fresh patrons to augment a declining income from government and nuclear companies.

With a £2.5m marketing budget and a team of 10, he set about identifying industrial sectors which could make good use of the agency's skills. The eight he has focused on include aerospace, defence, oil and process technology.

His staff are set a straightforward target. Whatever they draw from the marketing budget must be multiplied ten-fold in annual returns from commercial contracts within three years.

This ambitious exercise in the transfer of nuclear technology and skills to much broader sectors is now to be marketed internationally as AEA Technology. Clarke's business directorate, based at Harwell, will manage a corporate contract agency under this name.

Steven Curl, his manager of corporate business development, describes the AEA as "probably the most under-marketed resource in the UK."

In aerospace, for example, John Montague, responsible for marketing strategy, reviewed every contract placed world-wide in 1988 and picked out the ones which he believed it could successfully have bid for. These amounted to £30m.

In fact, the AEA picked up aerospace contracts worth only £2m. "People don't realise it's not just nuclear," says Clarke. However, the agency's biggest non-nuclear client is British Aerospace, which has placed contracts worth about £1.5m a year.

Although the Atomic Weapons Establishment, Aldermaston, was transferred to the Ministry of Defence in the mid-1970s, defence contracts remain important to the AEA. Earnings from this source remain about £25m a year, mostly for research and development (R&D) on nuclear reactors for submarines and on dealing with radioactive waste.

Market research suggests that defence could offer a bigger market, and not just in Britain. The AEA's Culham Laboratory, for example, has an £8m contract on particle beam weapons from the US Strategic Defence Initiative.

Barry Maloney, corporate marketing manager for defence R&D, is enthusiastic about the prospect of landing a big MoD contract, worth perhaps £10m, to help develop armour-piercing ammunition based on the tricky metallurgy of depleted uranium, which is a by-product of nuclear fuel.

Maloney stresses the importance of penetrating the armour-clad defence procurement system at a sufficiently high level – at least two-star general – if business is to flow from lower levels. So far, "the AEA has not been good at this," he says.

Advanced technology for more down-to-earth industries are the province of Dick Clayton, business development manager in process engineering and biotechnology. To date the contracts add up to more than £8m, but his target is £20m a year by the mid-1990s.

Clayton says that the most exciting area he has come across is power fluidics. This zero-maintenance technology, developed for handling radioactive fluids, uses jets of one fluid to control another. It needs no moving parts such as valves. He is pursuing opportunities as disparate as the control of oil wells and the pumping of jam.

Clayton plans to use existing facilities to design and demonstrate power fluids for clients. Manufacture would be sub-contracted, so that AEA Technology can deliver custom-built systems under guarantee.

With computational fluid dynamics (CFD), the AEA has already developed a corporate service, pooling the expertise of several laboratories. This is a powerful system which can provide three-dimensional simulations, on a computer screen, of the events being studied. For example, the AEA produced a computerised demonstration of the fire at King's Cross underground station, in London, which showed how the fire "tunneled" its way up the escalator.

Joe Quarini heads a "business centre" for CFD in which Clarke has invested £750,000 to make the various codes compatible and user-friendly – "something people can start to use right away." This year Quarini expects that AEA Technology will earn more than £500,000 from modelling such situations as gas flows in an aero-engine, or in a waste dump.

Quarini's business centre is the first of a series of "businesses" spawned by AEA Technology. The state-owned parent agency is barred from manufacturing, but free to market "intellectual property". Clarke has hired accountants to see that these businesses conform to commercially acceptable rules.

A business which has already run for a decade and now brings in about £9m a year is consultancy for the oil industry, including the use of CFD to model oil reservoirs. Winfrith Petroleum Technology, at Winfrith laboratories in Dorset, is planning a £3m calibration service for nuclear oil logging tools in Aberdeen. It as also setting up a £3m facility at Winfrith in which the temperatures, pressures and flows of an oil well can be reproduced in a "gun barrel" about 15 cm in diameter and 30 m long.

Increasingly Clarke has learnt that some of the best prospects for AEA Technology lie outside Britain – in Japan, for example.

Tony Hardacre, a Harwell scientist, volunteered to join the marketing team. His job is to sell AEA Technology to Japan. He cites the enthusiasm with which the Japanese seek out ideas and scientific skills, and the fact that research costs there are half as much as those of the AEA.

Currently, Japan is spending about £2m a year with the agency, mostly on nuclear R&D. Through Sumitomo, his exclusive agent, Hardacre is discussing contracts that could add up to more than £24m. He reckons that the Japanese market will be worth £10m a year to AEA Technology.

David Fishlock

JOBS

How top people's pay ranges across Europe

By Michael Dixon

CAN the longstanding lead held by the Swiss in the European executive pay stakes be linked with the high value they place on personnel chiefs? As the accompanying table shows, they are the only one of the dozen top-paying nations in Europe in which personnel directors are rewarded, on average, appreciably better than marketing directors.

The table is compiled from the latest annual survey made by the Brussels-based Executive Compensation Service consultancy, which is part of the International Wyatt group. The study, made at the start of the year, covers the pay and perks of nine different sorts of senior managers employed by 1,087 companies in 17 European countries. Anyone wanting the full report should contact Paul Curley of ECS at 273 Avenue de Tervuren (Box 4), 1150 Brussels, Belgium; tel (02) 7719910, fax (02) 7623743.

All the Jobs column has room for today is the money rewards of chief executives and directors of marketing and personnel in the 12 best paying lands. The figures are in sterling at the exchange rates in force at the close of London markets on May 10.

In each case, the table shows basic salary, then all rewards received in cash including bonuses etc, and an indicator of buying power. It is calculated by taking the all cash pay, deducting the relevant country's standard tax and social security charges for a person of that income level who is married with two dependent children, and adjusting the result in line with ECS's living-cost index.

Also, since the index does not take account of housing costs, the buying power indicators are no better than loose approximations.

The table's left-hand trio of columns of figures refer to the lower quartile executive — the one a quarter way up from the foot of a ranking of all in the same country and category. Next we have the median manager midway in the ranking, then the upper quartile person a quarter way down from the top. The last trio give the averages among the executives in each group. Each country's place in the league is decided by its chief executives' average buying power.

Since last year UK chiefs have been overtaken by their counterparts in Austria. Spain's chiefs have moved ahead of Italy's. Belgium's have jumped two rungs over those of the Netherlands and Ireland, who themselves have exchanged places.

		LOWER QUARTILE			MEDIAN			UPPER QUARTILE			AVERAGE		
COUNTRY	JOB CATEGORY	Basic salary £	All cash pay £	Buying power £	Basic salary £	All cash pay £	Buying power £	Basic salary £	All cash pay £	Buying power £	Basic salary £	All cash pay £	Buying power £
SWITZERLAND:	Chief executive	62,816	72,396	47,646	75,912	94,042	59,314	92,512	108,756	67,600	79,739	97,014	61,188
	Personnel director	44,477	48,102	33,417	49,767	53,208	36,477	65,290	78,530	50,965	58,141	65,604	43,776
	Marketing director	47,438	50,463	35,057	51,608	56,721	38,886	56,961	66,721	44,521	53,081	60,445	40,886
FRANCE:	Chief executive	47,818	56,527	40,249	59,439	68,922	46,910	71,029	87,681	55,088	63,016	73,998	49,591
	Marketing director	31,213	37,201	28,047	40,481	45,967	33,693	50,817	55,719	39,674	43,646	49,067	35,451
	Personnel director	29,010	30,757	23,832	36,940	38,876	28,903	44,967	47,503	34,321	38,316	41,277	30,688
LUXEMBOURG:	Chief executive	50,653	53,788	40,277	57,584	63,526	45,266	68,327	78,665	52,254	62,491	69,197	47,635
	Marketing director	29,362	30.368	27,507	39,895	43,198	34,953	58,035	61,650	43,930	43,168	45,671	36,405
	Personnel director	34,194	36,369	31,186	38,935	42,686	34,541	45,806	46,257	36,313	39,700	42,176	34,638
WEST GERMANY:	Chief executive	59,049	69,714	36,794	74,546	86,182	43,091	88,816	108,166	51,079	77,256	90,889	44,603
	Marketing director	38,879	41,306	24,095	43,837	48,713	27,514	56,644	63,378	34,036	47,862	53,341	29,634
	Personnel director	37,353	38,295	22,694	41,830	43,667	25,472	52,292	56,593	31,441	47,397	50,842	28,773
SPAIN:	Chief executive	42,686	45,625	32,589	51,524	61,338	40,443	68,319	81,568	50,196	57,625	66,058	42,829
	Marketing director	29,382	32,042	24,647	35,700	39,535	29,108	46,030	52,182	35,553	39,347	42,843	31,073
	Personnel director	27,818	29,412	22,948	36,570	38,234	28,570	45,934	49,607	34,343	37,617	40,966	30,162
ITALY:	Chief executive	51,640	56,129	33,871	61,635	67,330	39,986	73,387	86,729	49,844	64,448	72,254	42,217
	Marketing director	34,193	36,838	23,288	42,542	46,815	28,699	49,753	53,394	32,220	42,150	45,807	28,080
	Personnel director	30,677	31,578	20,265	37,127	38,505	23,973	44,722	49,805	30,055	38,255	41,004	25,530
AUSTRIA:	Chief executive	47,374	54,659	30,060	65,475	73,698	38,855	76,425	92,782	49,325	63,777	74,816	40,459
	Marketing director	36,514	37,363	21,576	49,117	51,575	28,364	61,006	71,955	38,912	50,950	55,821	30,699
	Personnel director	31,598	32,223	18,903	43,307	45,676	25,538	47,911	51,218	28,168	41,385	43,620	24,389
UNITED KINGDOM:	Chief executive	37,090	42,960	26,635	46,380	53,440	31,530	58,940	68,760	39,881	54,570	62,820	36,436
	Marketing director	29,380	31,490	20,469	35,860	38,770	24,425	43,040	46,360	28,280	37,540	40,160	24,899
	Personnel director	27,160	27,540	18,452	31,170	33,910	21,702	38,310	39,050	24,602	34,230	36,320	22,882
BELGIUM:	Chief executive	46,482	51,686	28,338	58,590	64,786	33,387	70,803	81,680	40,303	61,605	70,098	35,356
	Marketing director	32,333	34,989	21,485	39,265	44,351	25,288	47,667	52,513	28,791	41,170	45,056	25,690
	Personnel director	30,953	32,738	20,462	38,755	40,390	23,473	45,206	48,447	27,092	39,175	42,191	24,519
NETHERLANDS:	Chief executive	40,884	44,811	23,635	54,339	60,064	28,512	65,971	73,491	32,559	53,999	60,546	28,741
	Marketing director	34,149	35,596	20,276	40,159	43,153	22,761	47,579	52,663	26,110	41,798	44,452	23,445
	Personnel director	30,096	30,592	18,072	36,106	36,583	20,453	44,694	47,194	24,393	38,010	40,507	21,792
IRELAND:	Chief executive	33,970	36,794	23,184	40,633	43,499	26,393	48,139	58,108	33,224	42,427	46,837	27,873
	Marketing director	24,898	26,916	18,530	30,270	31,835	20,803	37,781	40,314	24,931	32,422	34,550	22,174
	Personnel director	26,614	27,580	18,987	32,486	35,685	22,902	36,646	40,588	25,102	32,029	34,523	22,156
DENMARK:	Chief executive	46,100	51,738	19,625	53,692	63,993	23,722	70,733	76,057	27,538	59,795	67,910	24,588
	Marketing director	33,179	33,179	13,729	39,797	40,718	16,147	46,182	49,163	19,072	39,616	41,275	16,368
	Personnel director	31,692	31,692	13,387	35,493	35,493	14,687	44,086	47,643	18,482	37,891	38,912	15,766

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Initial duties will include the instigation of formal trading procedures, obtaining Bank of England approval, systems acquisition and support-staff training. This will then give way to taking a full trading position and establishing and developing a strong presence in the market.

Please send full CV in absolute confidence to

Box A1229, Financial Times, One Southwark Bridge, London SE1 9HL

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SECURITIES & COMMODITIES INVESTMENTS Plc

SENIOR FUND MANAGER/FUTURE

SENIOR FOREIGN EXCHANGE DEALER

Two exceptional opportunities have arisen where the company wishes to expand its financial services operation with the appointment of the right individuals to the above positions.

If you have the background, experience and ability necessary to develop these sectors in the company and you are highly motivated, we would like to hear from you.

The remuneration packages are negotiable to suit the right candidates.

Be part of an exciting and challenging environment with a Company committed to growth and development in the futures and foreign exchange markets.

Please apply in the first instance with C.V. in strictest confidence to:

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Managing Director,
Securities & Commodities Investments Plc,
Leconfield House,
Curzon Street
London W1Y 7FB
Telephone: 01-499-8090

Member of The Securities Association Limited

AFBD MEMBER

Bankers Trust is a global merchant bank with an international reputation for excellence. Much of our success is based on a flexible and imaginative approach to the financial services marketplace. This is particularly evident in the Capital Markets area, where we now need to augment our high profile transactions team.

International Capital Markets

Transaction Management

The product range is extensive: international bonds, syndicated loans, commercial paper, warrants and private placements. The roles are substantial, encompassing the structure, negotiation and implementation of mandates from management of the documentation to liaison with all parties to achieve successful completion.

We are looking for high-achieving individuals to join the team at two different levels. Both positions require you to be a graduate with a legal or banking background. Intelligence, initiative and hard work are common pre-requisites. At the more senior level you will have at least one year's relevant experience, whereas for the junior position no direct experience is required.

This rapidly expanding area offers demanding personal challenges and exceptional career opportunities. The remuneration package is excellent and includes mortgage subsidy and bonus.

To apply, please write in confidence to Joan Woods, Human Resources, Bankers Trust Company, 1 Appold Street, Broadgate, London EC2A 2HE.

Bankers Trust Company

Correspondent Banking Manager

Our client, a respected market leader in the field of correspondent banking, is looking for a highly self-motivated and sales-orientated professional to join its existing team in London to cover Turkey.

The chosen candidate will ideally be a graduate in the age range mid to late 30s who has between 10 and 15 years' banking experience. This will include a *solid* background both in bank credit and the *selling* of correspondent banking products. Candidates will not necessarily have been concentrating on the Turkish market up until now.

Although previous managerial experience will be an advantage, most important of all will be the ability to create and close opportunities for new business. Excellent interpersonal skills are also required, as the candidate will be dealing on a regular basis with people at all levels within client banks and corporations.

The position provides a highly competitive remmuneration package. For an informal discussion and/or further information, please telephone or write in absolute confidence to Neil Salt.

Lloyd Chapman Associates

International Search and Selection
160 New Bond Street, London W1Y 0HR
Telephone: 01-409 1371

AT A CAREER CROSSROADS?

Hill Samuel Investment Services is seeking Executives, aged 25 to *50 and with experience* in industry, commerce or the professions, to become Personal Financial Advisers. All necessary training and support will be given to enable you to promote the renowned range of *Hill Samuel Personal* Financial products and services.

Please write with CV or phone: Anthony Boys, Hill Samuel Investment Services Ltd, Hanover House, 73/74 High Holborn, London WC1V 6LS - 01 831 8231.

City — **Negotiable Salary + Car**

Legal & General Investments is one of the City's leading fund management institutions, currently managing assets in excess of £12 billion.

SENIOR BUSINESS ANALYST

Recognised as a major force in the fiercely competitive fund management sector, our clients include over 200 major companies and institutions, numerous private investors and, of course, the sister companies within the Legal & General Group.

We are highly regarded for our efficient and responsive services. These are fully supported by an advanced IT resource, being constantly developed to meet the changing needs of our business.

As Senior Business Analyst, you will be central to strategic systems development: analysing user and organisational needs; designing business systems; and driving the innovative and cost effective development of IT solutions – using the latest technology and information services. This is a high-profile role in a specialist team of skilled business consultants.

Preferably a graduate in your mid to late 20's, you will bring your investments and information services knowledge to this challenging position. You must be able to demonstrate sound analytical experience and familiarity with the use of structured methodologies. Well developed communication and interviewing skills are vital to this role, which will bring you into contact with key members of the senior management team.

In return, we are offering the opportunity for you to make a positive contribution to the achievement of business objectives, with definite scope for further progression. This position carries an attractive negotiable salary, with company car, BUPA, performance bonus and a non-contributory pension.

If you would like to be considered please send a detailed CV, giving full salary details, to

**Ann-Marie Bevan,
Personnel Officer,
Legal & General Investments,
Bucklersbury House,
3 Queen Victoria Street,
London EC4N 8EL.**

Legal & General Investment Management Limited is a member of IMRO.

Legal & General INVESTMENTS

INVEST · IN · YOUR · FUTURE

Property Finance

£ (Highly Negotiable) + Excellent Benefits

To meet the demands of a growing business, this major European bank seeks an additional professional to join its small, well-balanced property team.

The business covers the financing of development projects and investment properties throughout the UK. The team provides tailored solutions to customers' needs and undertakes a broad range of transactions, including mezzanine and equity where appropriate.

You will be aged 28-35 with a strong academic and credit background. You should have a thorough understanding of property funding and be able to take responsibility for a deal through all stages: negotiation, documentation and monitoring.

The bank offers an attractive package to the right candidate and can promise a varied and demanding career. In return, it looks for enthusiasm, skill and, above all, an imaginative approach to the business.

Interested applicants should contact **Niall Macnaughton on 01-831 2000 or write to him at Michael Page City, 39-41 Parker Street, London WC2B 5LH.**

MP
Michael Page City
International Recruitment Consultants
London Paris Amsterdam Brussels Sydney

An opportunity to develop and expand a cash and off balance sheet operation

SENIOR MONEY MARKETS DEALER

to £50k + bonus + car etc.

Our client is a highly successful and expanding international bank with a strong commitment to treasury services.

They now seek an established senior money market dealer who will be responsible for the overall profitability of the cash books and have personal responsibility for trading the US $ book. In addition this person will develop a profitable off balance sheet trading operation.

Ideally the successful candidate will be a graduate with about four years' experience trading $ money markets and off balance sheet products. Naturally he/she will be a team player.

This is a genuine opportunity for an ambitious individual to build a profitable business within a strong entrepreneurial institution.

Interested candidates should contact John Green on 01-248 3653 or write, sending a detailed CV to the address below (or use our confidential faxline on 01-248 2814). All applications will be treated in the strictest confidence.

76, Watling Street, London EC4M 9BJ

BBM ASSOCIATES

Tel: 01-248 3653/01-489 8070

CONSULTANTS IN RECRUITMENT

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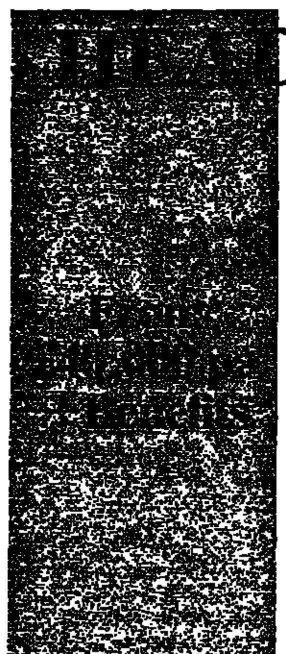

HEAD OF RESEARCH

Our client is a principal trading operation practicing sophisticated trading and risk management techniques within the UK equity and derivative markets.

Working within the dealing room, free from the constraints of servicing an investor client base, their research people have immediate input into strategic trading decisions.

Candidates should have significant general research experience of FTSE 100 stocks not limited to a particular sector. They will be able to provide research on take over situations together with trading decisions on price sensitive news relating to individual stocks.

This is an exciting opportunity for a person of proven ability to lead a small team that will participate in trading opportunities revealed by their work.

Call, write or fax Theo Stegers at:

Recruitment Matters Ltd.
15 Great Eastern Street · London EC2A 3EJ
01 - 377 1600 Fax No. 377 1801

RM RM RM RM RM RM RM RM RM RM RM RM RM RM RM RM RM RM RM RM RM RM

INTERNATIONAL PETROLEUM BROKING COMPANY WEST END

This company is seeking to expand its team and is looking for young persons with some relevant experience in the petroleum supply and trading field. An excellent salary and profit sharing package is available to the right candidates.

The post calls for initiative and self motivation together with the ambition to succeed in a very exciting area of business.

Please apply in writing giving a brief CV to Box A1234, Financial Times, One Southwark Bridge, London SE1 9HL.

APPOINTMENTS WANTED

Texas Executive Seeks European Assignment

Strengths include extensive US mktg & distribution exp combined with persistence & integrity. Specific exp. in recreation & beverage industries.

In Europe for interviewing beginning May 29.
Complete resume available.
Fax inquiries to P Byrnes, 214 826 6314.

Renowned Comecon

U.S. banking expert seeks immediate position.

Write to Box A1232, Financial Times, One Southwark Bridge, London SE1 9HL

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RM RM RM RM RM RM RM RM RM RM RM RM RM RM RM RM RM RM RM RM RM RM RM RM RM RM RM RM RM RM

POT MAJORS

Are you always willing to compete to achieve a satisfactory and profitable result?
Are you a strong individualist with a high determination to succeed?
Is your current management strong without being intrusive?

Our client, a major international bank, believes firmly in rewarding its dealing staff according to merit, bonus schemes are related to profitability. It has an excellent credit rating. You are likely to find sufficient information flow to ensure consistently profitable results.

Opportunities exist for experienced Spot FX dealers to join an established desk within the treasury. You are likely to have been dealing one of the major currencies for at least 3 years, and should be amongst the top producers on your desk. The ideal candidate will have gained a muture approach to dealing but retained the desire to compete.

Please contact Veronica McPake or Neil Hutchison, all enquiries dealt with in confidence.

You may feel attracted by the above vacancy but unable to meet some of the specific requirements – perhaps you deal on a strategic rather than market making basis.
If so we have a number of other vacancies for Spot, Forward or Corporate dealers that may be suitable.

Recruitment Matters Ltd.
15 Great Eastern Street · London EC2A 3EJ
Fax No. 377 1801
RM RM RM RM RM RM RM RM RM **01 - 377 1600** RM RM RM RM RM RM RM RM RM

STERLING FRA TRADER

We are looking for a Sterling FRA Trader with 1 to 2 years' experience in the City.

Ideal applicants will be graduates in their early twenties, who would be prepared to take on the sole responsibility of an active FRA book.

Deposit experience would be an advantage as the successful candidate would be expected to run the cash book as well, with the assistance of our existing short date trader.

In return we offer a competitive salary and all the usual benefits associated with a major international organisation.

Please send your CV to Mandy Cooper, Nomura Bank International plc, Nomura House, 24 Monument Street, London EC3R 8AJ. (No agencies please)

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HEAD OF COMPUTER AUDIT

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PERFORMANCE RELATED BONUS
LONDON BASE

"SIZE, SCOPE AND COMPLEXITY . . . A DEMANDING BRIEF FOR A TALENTED PROFESSIONAL"

Our client is one of the largest and most successful financial services groups in the world. Totally committed to using information technology to maintain competitive advantage and support a constant stream of new products and services, it has embarked on a programme of systems development unrivalled anywhere in its sector.

The scope of these developments, coupled with the size and complexity of the group's existing UK and International computing resources presents a rare challenge to the rapidly growing team responsible for computer audit and systems integrity, and an even greater one for the senior manager our client now wishes to recruit.

A significant part of the role will be managing and motivating the audit team, together with allocating resources and prioritising workloads. However, you will also advise on the development and review of instructions and standards, the audit implications of new and emerging technologies, as well as the ramifications of product developments. There will be considerable liaison with development teams and senior group management on an advisory and consultancy basis, together with a variety of special investigations and project work.

By any standards this is a demanding brief, one that is ideally suited to a manager with a track record of demonstrable achievement in either computer audit, or mainstream systems. Your extensive knowledge of (and interest in) IT principles should be supported by vision and energy together with communication and man management skills of the highest order. Although an accountancy or pure IT background could be equally relevant, a track record in the financial services sector will be especially useful.

The package includes a salary and performance related bonus together with benefits that include a subsidised mortgage, non-contributory pension and company car. Success in the role will mean ample scope for rapid progression.

For an informal discussion telephone John Miskelly on 01-794 3593 (Evenings and Weekends) or 01-253 7172 during office hours. Alternatively write, with full cv, to John Miskelly at JM Management Services (Ref 223), 5 St John's Lane, London EC1M 4BH.

JM MANAGEMENT SERVICES

CONVERTIBLE SALES
Good experience and knowledge in U.K. Convertible Sales, Eurowarrants U.K. Domestics, EuroSterling Convertibles. Various quality houses are looking to expand in these areas. **Please ring Richard Ward.**

U.S. CONVERTIBLE SALES TRADING/SALES
A Prestigious Investment House is looking for U.S. Convertible Traders and Sales people with 3 or more years experience. Traders must be fully conversant with the convertible market and Sales people must have a good client base. Salary and package totally negotiable. **Please ring Stuart Norbury.**

WARRANT SALES (GENEVA) £NEG.
Reputable house seek to recruit an experienced Salesperson with 3 years experience in Japanese Warrant Sales and equity related instruments. The position will be based in Geneva – Switzerland. **Please ring Sue Stevens for further details.**

FX CORPORATE DEALERS
Various houses are looking for Senior Corporate Dealers to join existing teams. Candidates must have 3 – 4 years experience gained with a respected name. Highly competitive salaries available. **Please ring Julie Shelley.**

£STG. C.P. SALES/CORPORATE DEALER
A top Merchant Bank require an experienced £ Commercial Paper Salesman to join their existing team. Experience with other instruments EG Money markets, FRA's IRS's, FX etc. would be preferred but not essential. Salary commensurate with experience. **Please ring Stuart Norbury.**

EUROBOND TRADER
An Investment Bank seeks an experienced Euro's Fixed Interest Trader. The ideal candidate will have experience with DM, Gulders and other Euro – currencies. A Graduate preferred, but not essential. **Quote DF/122**

JAPANESE EQUITIES SALES
An expanding Japanese securities house is looking for an experienced salesman to be deputy head of sales. The candidate should have a minimum of 2 years Japanese Equity Sales experience. A graduate preferred. The company offers a competitive package and excellent career development. **Quote DF/255**

FIXED INCOME SALES £NEG.
International house require 3 Salespersons with a minimum of 2 years experience. U.K. and or European experience would be considered. Excellent packages offered to the successful candidates. **Please ring Sue Stevens for further details.**

F.R.N. SALES
Good experience required for this position. An existing client base, could be a major advantage. Quality house. **Please ring Richard Ward.**

JAPANESE WARRANT TRADER
Quality house requires a Japanese Warrant Trader with a minimum of 2 – 3 years experience. Good working and educational background essential. Excellent package available for right person. **Please ring Julie Shelley.**

CAMBRIDGE APPOINTMENTS,
232 Shoreditch High Street, London E1 7HP. Fax No. 377 0887
01-377 6488

Senior UK Corporate Loans

Develop and Diversify with a Major Bank

A major Japanese City Bank with a key presence in world financial and capital markets and 25 offices overseas, seeks to expand further its well established London Branch by appointing a Senior UK Corporate Loans Officer.

You will utilise your expertise to expand and diversify a high quality UK loan portfolio. Developing a marketing strategy to achieve your objective you will seek to maximise opportunities through the use of the Bank's contacts, establishing new contacts, liaison with Japanese colleagues and by gradual and positive influence over corporate policies.

Aged 28-38, and preferably a graduate, you will have at least five years UK corporate/marketing experience with a major bank. With a proven record of achievement, you will be seeking an opportunity to match your intellect, interpersonal skills and powers of influence with a fresh challenge.

A competitive remuneration package is offered. To apply, please write in complete confidence to Sarah Whitehead of Cripps, Sears & Partners Limited, Personnel Management Consultants, 71 Kingsway, London WC2B 6ST. Telephone 01-404 5701. Fax No. 01-242 0515.

Cripps, Sears

Elders Finance Group is the largest merchant banking operation in Australia; part of the worldwide Elders IXL Group – Australia's most profitable company. As part of our dynamic expansion plans in Europe, we aim to build a significant London presence, dedicated to developing our market in value-added financial products – resulting in our ongoing need to recruit additional high calibre staff.

CURRENCY OPTIONS TRADER

The ideal candidate for this demanding position will have 1-2 years experience working as part of a Currency Options Trading team within a respected organisation and who is now looking for a new challenge with a progressive company where considerable career development potential exists.

FOREIGN EXCHANGE DEALER

As part of our Graduate Development Programme, we are seeking to recruit a further trainee to join our Capital Markets and Trading Division on the Foreign Exchange Desk. The successful applicant will eventually become a key revenue generator.

Ideally graduating this summer, you will have the ambition and desire to pursue a career within a fast moving and dynamic organisation. Strong qualities of intelligence, numeracy and commercial awareness are essential in this demanding position.

An excellent remuneration package will be offered reflecting the importance we attach to these posts.

To discuss these positions in greater detail please contact Ian Rennardson on 01-283 0911, or send a full c.v. to: The Personnel Manager, Elders Finance Group Limited, Greenly House, 40 Dukes Place, London EC3A 5BX.

Elders

ELDERS FINANCE GROUP LIMITED

Jonathan Wren Executive

ARE YOU PREPARING FOR 1992..? OUR CLIENTS ARE!

Consequently, as Jonathan Wren & Co. are always in tune with their clients requirements, we have a number of appointments for suitably experienced professionals in both European Equity research and sales. The institutions concerned range from entrepreneurial niche players to major international investment houses, and the roles have a similar diversity. Of particular interest would be applications from analysts with experience of the German, French and Italian equity markets, or pan-European coverage of chemicals, financials or engineering. For the sales appointments, an established client base and a good product knowledge are essential.

Competitive salaries and benefits guaranteed for successful individuals.

Please contact Ann Winder on 01-623 1266

PRIVATE CLIENT MANAGER **to £25,000**

A growing City based investment company, dedicated to private client funds management, is recruiting an additional portfolio manager to concentrate on non-UK investments. The individual sought will have 2-3 years hands-on experience (although not necessarily in overseas markets), will come from a blue-chip broker or merchant bank, and will be mid-20s in age. The successful applicant must be of sufficient calibre to join the Board within 2-3 years.

Please contact Roger Steare on 01-623 1266

LONDON HONG KONG MIDDLE EAST SINGAPORE SYDNEY

Jonathan Wren
Recruitment Consultants
No. 1 New Street, (off Bishopsgate), London EC2M 4TP
Telephone: 01-623 1266 Fax: 01-626 5258

GO-AHEAD Property and Business Consultancy dealing with British corporate investment in Spain require the freelance services of mature, professional people wishing to capitalise on their commercial experience and contacts. Telephone: 01-834 8811.

UNIVERSITY OF GLASGOW
LECTURESHIP IN CHINESE STUDIES

Applications are invited for a lectureship in Chinese Studies, within the Institute of Soviet and East European Studies. The post is tenable for three years in the first instance.

Candidates should be proficient in spoken and written Chinese and should have specialised knowledge of the Chinese economy. The appointee will be required to lecture and research on the economy of China and to set up an economic advisory and consultancy service for local industry and business. It is hoped that the post and the service will become self-financing.

Initial appointment will be from a date to be agreed, preferably 1 October 1989. Salary will be within the range £9,260 - £19,310 p.a. on the Lecturers' scale, with placement according to age, qualifications and experience.

Further particulars may be obtained from Adacemic Personnel, University of Glasgow G12 8QQ where applications (8 copies) giving the names and addresses of three referees, should be lodged on or before 12th June, 1989. In reply please quote Ref. No. 6585FA.

DERIVATIVE PRODUCTS SPECIALIST

Leading International investment group requires individual with minimum 3 years' relevant business experience to join its International Programme Trading Group. The incumbent will be responsible for marketing programme trading techniques for European, U.S., Canadian, Australian and Asian markets to Europe customers and by utilisation of excellent computer skills will provide analytical advice on portfolio construction and achievement of best returns by use of derivative products. Applicants, aged 25 - 30, with comprehensive computer skills, should have sound understanding of all world markets, and options and portfolio theory, and be educated to degree standard. Salary negotiable.

Please write to Box A1235, Financial Times, One Southwark Bridge, London SE1 9HL

Corporate Finance

We are seeking top class candidates to join a high quality, small, dynamic and successful Corporate Finance operation.

We are recruiting at two levels: Assistant Director and Executive.

The Assistant Director will probably be in his/her early 30's, will have a track record of involvement in significant corporate finance transactions, preferably with some experience in Management and leveraged buy outs. He/she should be close to a Director level appointment.

The Executive will have trained with a major accountancy or law firm and have had 1 to 2 years post qualification experience in Corporate Finance.

These vacancies represent outstanding opportunities for the highest calibre applicants. Please write in confidence, enclosing a C.V. to Paul Lefevre,

Beresford Associates Limited
Boundary House, 91/93 Charterhouse Street, London EC1M 6HR

MANAGER
(CLEARING OPERATIONS)

Swindon

c£23,500 + Car
+ Excellent Benefits

Nationwide Anglia Building Society have long since pioneered a new type of Building Society – we are a progressive and innovative financial institution, delivering up to the minute services for our rapidly growing base of sophisticated customers.

In this demanding Management role, you will take responsibility for the Society's Cheque and Credit Inclearing. Reporting to the Controller (Payment Services), you will require leadership talents, directing and motivating both night and day shifts to ensure both the Society's customers and branches benefit from an efficient and effective service.

You will need at least 8 years Management experience and a relevant professional qualification (ACIB or ACBSI). A good knowledge of the UK Clearing systems and related APACS Standards and Clearing Regulations is an obvious requirement. Self motivated, energetic and a natural communicator, you will relish the challenge of this key role in our UK banking activities.

The position offers a comprehensive rewards package including an excellent salary, subsidised mortgage, fully financed car, free health care, over 4 weeks holiday and a contributory pension scheme. A relocation package is available, where appropriate, to help you move to our modern offices in rural Wiltshire.

Please send your full CV including full details of current remuneration package or telephone for an application form to be returned to:
Sue Marshall, Human Resources Advisor,
Nationwide Anglia Building Society, PO Box 74, Princes Street, Swindon, Wiltshire SN1 2HQ. Telephone: Swindon (0793) 510564.

Nationwide Anglia Building Society

International Banking Opportunities for Senior Dealers

Banque Nationale de Paris p.l.c., the London subsidiary of one of the world's largest banking groups, provides a full range of international banking services to UK and multinational clients.

Our active, newly equipped dealing room is well regarded for both inter bank and corporate trading. Opportunities now arise for two experienced dealers to join our team.

Senior Spot Dealer

To specialise in cross currencies. The ideal candidate will be experienced in dealing in various large currencies and currently active in cross currency trading.

Senior Sterling Dealer

Responsible for all sterling book activities and specifically to deal in forward and off balance sheet instruments. Candidates must be fully experienced in the sterling market with a good knowledge of new dealing products.

Applicants for both positions will ideally be aged between 25 and 32. Emphasis will be placed on quality and depth of experience to date, together with an ability to make a full contribution to our profitability.

A competitive salary plus dealing bonus, company car and usual banking sector benefits are offered.

Please write with full career details to:–
Mrs. Paula Keats, Personnel Manager,

BNP Banque Nationale de Paris p.l.c.
PO Box 416, 8-13 King William Street,
London EC4P 4HS.

SHARE IN EXCELLENCE

If you want to grow with a leader, SpaceLabs offers a unique career opportunity. We're acknowledged world-wide for providing the highest quality clinical information systems, patient monitoring equipment and ambulatory monitoring products. During each of the past five years we have increased our work force by 20%—and continual growth has created an opening for a:

INTERNATIONAL
Vice President

Responsible for the development of foreign markets for SpaceLabs, Inc. products and services. Establishes sales, profit, and expense objectives and ensures attainment of these goals.

Position requires a Bachelor's degree in Business/Marketing; MBA preferred. A minimum of 15 years related general management experience, specifically in international sales, marketing and operations management desired. Must possess a work record that exhibits a high degree of accomplishment.

For prompt consideration, please send your resume to: SpaceLabs, Inc., Attn: CH, P.O. Box 97013, Redmond, WA, 98073-9713, U.S.A. EOE/ m/f/h/v.

SL SpaceLabs
The Clinical Information Company

RECRUITMENT CONSULTANCY
BANKING AND FINANCE

The Devonshire Group is a venture capital backed Group of companies being groomed for a stock market quotation. Planned expansion now calls for the appointment of an additional consultant to join our banking and finance team.

Our success has been based on quality of service, a keen understanding of the requirements of the industry and on the professionalism and integrity of our consultants. As a progressive consultancy, we provide a full range of services; register, advertising selection, search and outplacement.

Our growth rate and future potential are considerable and the career opportunities therefore unlimited. This is a rare opportunity to join a committed professional consultancy and to share in our continuing development, where the rewards are more than just financial.

To qualify, you must be able to provide evidence of achievement with a leading banking recruitment consultancy, possess a thorough knowledge of the marketplace and you should have established sound client relationships during the last two to five years.

If you are interested in a confidential discussion, please telephone or write in confidence to **Roy Webb, Managing Director.**

INTERNATIONAL FINANCIAL RECRUITMENT CONSULTANTS

7 Birchin Lane
London EC3V 9BY

Tel: 01 895 8050
Fax: 01 626 2092

Devonshire Executive Ltd

A member of The Devonshire Group Plc

Senior Credit Analyst
c£26,000

Our client, the London Branch of a prestigious European banking institution, seeks to appoint a senior credit analyst, aged late 20's – early 30's, who will also deputise for the Head of Credit. The position will ideally suit a senior analyst with strong analytical/product skills, seeking to consolidate and extend their experience and have additional responsibility.

Candidates will have an extensive credit background within international banking covering a wide range of medium to large UK corporates (both public and private) and institutions. The background should also encompass a broad spectrum of banking and financial service products including short-medium term loans, multi-option facilities, corporate finance, property finance, trade and commodity finance and syndicated loans.

The successful candidate will undertake a number of key tasks including the detailed financial analysis and interpretation of proposals, the provision of assistance on pricing and structuring and the preparation and review of proposal documentation. Also, the presentation and defence of proposals for approval.

For further information, in complete confidence, please contact **Bryan Sales on 01-247 7632,** or forward a detailed CV (Fax 01-247 1411).

PFE ASSOCIATES
EXECUTIVE RECRUITMENT CONSULTANTS

BOWL COURT
231 SHOREDITCH HIGH STREET
LONDON E1 6PJ
TELEPHONE: 01-247 7632
FAX: 01-247 1411

InterAllianz Bank Zurich AG

We are an international merchant bank owned by major Swiss and Japanese institutions seeking

an experienced bank relations officer

in the Credit Department of our bank in Zurich. The candidate would have a new business role and would, inter alia, be responsible for maintaining and establishing money market and foreign exchange lines, developing Swiss Stock Exchange business, etc. The candidate must be a Swiss national or the holder of a C-Permit.

Please reply in writing, enclosing full C.V., to the Personnel Manager, InterAllianz Bank Zurich AG, Stadthausquai 1, 8022 Zurich.

InterAllianz Bank Zurich AG

We are an international merchant bank owned by major Swiss and Japanese institutions seeking

an experienced lending banker

to fill a senior position as Manager in our Credit Department. The candidate should be completely familiar with all aspects of U.K. domestic and international lending, especially documentation and syndication. Knowledge of property lending in the U.K. would be an added advantage. Fluency in both English and German is preferable. The candidate is likely to be in the 30 - 40 age group and would be based in our London office.

Please reply in writing, enclosing full C.V., to the Personnel Manager, InterAllianz Bank Zurich AG, Stadthausquai 1, 8022 Zurich.

Société Générale - Fimat
Floor Trader
Excellent salary & benefits package, with car.

Fimat (UK) Ltd. is a newly-formed fully-owned subsidiary of the French International Banking group, Société Générale, and is responsible for the Bank's operations in the Futures Market, with fully established offices in Paris, Chicago, Tokyo and Luxembourg Fimat is expanding its operations to London.

We are seeking to recruit a Floor Trader for our floor team at LIFFE, and would welcome applications from experienced candidates on LIFFE.

In the first instance, please apply in writing together with a full C.V. to Mr K. Ferris, FIMAT, Warnford Court, 29 Throgmorton Street, London EC2N 2AT

SOCIETE GENERALE

CROSBY SECURITIES
The Asian Securities Group

Manager - Hong Kong Research

Crosby Securities aims at providing high quality professional research on Asian stockmarkets to an institutional client base worldwide. Our team of analysts in our four research offices in the region has grown to sixteen; our research supports equity sales teams in Hong Kong, London and New York.

Crosby now seeks a senior analyst in its Hong Kong research department, to be based at its Hong Kong headquarters. You will be expected to play a key role in the continuing improvement in the firm's quality of coverage of the Hong Kong stockmarket.

The right candidate will have a minimum of five years experience in equity research, not necessarily gained in Asian markets, and will combine enjoyment of investment analysis, strong presentational skills and qualities of leadership.

The remuneration package will be commensurate with experience and appropriate for this key position within the group. Please apply as appropriate with full CV to:

Graeme Marshall
Crosby Securities (HK) Limited
16th Fl./Ruttonjee Hse
11 Duddell St. CENTRAL
Hong Kong
Tel: (5) 8444988

M. Hanson-Lawson
Crosby Securities (UK) Ltd.
8th Fl./ 95 Aldwych
London WC2B 4JF
Tel: 01-962 9888

Simon Thompson
Crosby Securities Inc.
35th Fl./515 Madison Ave.
New York 10022
Tel: 212-593 5959

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COMPANY NOTICES

CM ACTIBONDS

Société Anonyme d'Investissement Luxembourg, 37, rue Notre-Dame R.C. Luxembourg No B 20081

Notice of Meeting

Messrs Shareholders are hereby convened to attend the Extraordinary General Meeting which will be held on May 29, 1989 at 3.00 p.m. at the offices of Kredietrust, 11, rue Aldringen, L-2960 Luxembourg, with the following agenda:

Agenda

to approve the merger of the Company into CM Investment Serial Funds, a SICAV under the laws of Luxembourg having its registered office at 11, rue Aldringen, Luxembourg, specifically upon hearing

a. the report of the board of directors explaining and justifying the merger proposals to be published in the Mémorial Recueil Spécial of Luxembourg together with this notice of Extraordinary General Meeting, and to be deposited with the Chancery of the District Court of Luxembourg, and
b. the audit report prescribed by Article 266 of the Luxembourg Company Law prepared by Coopers & Lybrand, Luxembourg,

and subject to approval of the said merger proposals by the shareholders of CM Investment Serial Funds in their extraordinary general meeting,

1. to approve such merger proposal;
2. to approve the allocation of shares of CM Investment Serial Funds-Actibonds to the shareholders of the Company in exchange for the contribution of all assets and liabilities of the Company, the shares so allotted to be issued in the ratio of 1 new share of category B of CM Investment Serial Funds-Actibonds for 1 share of the Company;
3. to state that the Company be dissolved and all its shares in issue are to be cancelled.

Resolutions on the agenda of the extraordinary general meeting will require a quorum of at least 50% of the outstanding shares and will be adopted if voted by the 2/3 of the shares present or represented.

The following documents shall be at the disposal of the shareholders for inspection and for copies free of charge at the registered office of the Company:

1. the Merger Proposals;
2. the annual reports of the Company for the last three financial years;
3. the half-yearly report of CM Investment Serial Funds as of March 31, 1989;
4. the reports of the Board of Directors of the Company and of CM Investment Serial Funds;
5. the report of Coopers & Lybrand relating to the merger proposals.

In order to take part at this general meeting, owners of bearer shares will have to deposit their shares five clear days before the meeting with the following bank which is authorized to receive the shares of deposit

Kredietbank S.A. Luxembourgeoise
43, boulevard Royal
L-2955 Luxembourg

By order of the Board of Directors

GENERAL MINING UNION CORPORATION LIMITED
(Incorporated in the Republic of South Africa)
Company Registration No. 01/01232/06

PAYMENT OF COUPON NO. 132
(Dividend No. 126)

HOLDERS OF SHARE WARRANTS TO BEARER will receive payment on or after 25 May 1989 at the rate of 27.58430p the amount declared per share, less 4.13764p being South African non-resident shareholders' tax of 15% against surrender of Coupon No. 132.

Coupons must be deposited for FOUR CLEAR DAYS for inspection before payment will be made:

In London	:	At the London Secretaries Office of the Corporation 30 Ely Place, London, EC1N 6UA
In Paris	:	At Credit du Nord
In Switzerland	:	At Credit Suisse, Zurich Union Bank of Switzerland, Zurich Swiss Bank Corporation, Basle or at any of their branches

Coupons belonging to holders resident in Great Britain and Northern Ireland will be paid as follows:-

	Pence
Amount of dividend after deduction of South African non-resident shareholders' tax of 15%	23.44666
Less: United Kingdom Income Tax of 10% on the Gross Amount of the dividend of 27.58430p	2.75843
	20.68823

Listing forms can be obtained on application to the London Secretaries.

per pro. GENCOR (U.K.) LIMITED
London Secretaries
L J Baines

30 Ely Place
London EC1N 6UA

17 May 1989

NOTE:
Under the double tax agreement between the United Kingdom and the Republic of South Africa, the South African non-resident shareholders' tax applicable to the dividend is allowable as a credit against the United Kingdom tax payable in respect of the dividend. The deduction of tax at the reduced rate of 10 per cent instead of at the basic rate of 25 per cent represents an allowance of credit at the rate of 15 per cent. The gross amount of the dividend received to be entered by the individual shareholder on any return for income tax purposes is 27.58430p multiplied by the number of shares held.

LEGAL NOTICES

EXCEL BUSINESS SYSTEMS LIMITED

NOTICE IS HEREBY GIVEN, Pursuant to Section 48(2) of the Insolvency Act 1986, that a meeting of the unsecured creditors of the above named company will be held at SHELLEY HOUSE, 3 NOBLE STREET, LONDON EC2V 7DQ

at 10.00 hours on Thursday 25 May 1989

For the purpose of having laid before it a copy of the report prepared by the administrative receivers under Section 48 of the said Act. The meeting may, if it thinks fit, establish a committee to exercise the functions conferred on creditors' committees by or under the Act.

Creditors whose claims are wholly secured are not entitled to attend or be represented at the meeting. Other creditors are only entitled to vote if:

(a) they have delivered to us at the address shown below, no later than 1200 hours on WEDNESDAY 24 MAY 1989, written details of the debts they claim to be due to them from the company, and the claim has been duly admitted under the provisions of Rule 3.11 of the Insolvency Rules 1986; and

(b) there has been lodged with us any proxy which the creditor intends to be used on his behalf.

Please note that the original proxy signed by or on behalf of the creditor must be lodged at the address mentioned; photocopies (including faxed copies) are not acceptable.

5 May 1989

C J Hughes and J M Thompson
Joint Administrative Receivers
Cork Gully
Shelley House
3 Noble Street
London EC2V 7DQ

BEAMLINK LIMITED

Registered number: 1752467
Trading name(s):-
(a) The Arts Channel
(b) British Cable Programmes
Nature of business: cable and satellite television broadcasting and programme production.
Trade classification: media/broadcasting.
Date of appointment of joint administrative receivers: 27 April 1989
Name of person appointing the joint administrative receivers: Equity and Law Life Assurance Society Plc.
JOSEPH PATRICK CONSIDINE and CHRISTOPHER JOHN HUGHES
Joint Administrative Receivers
(Office holder nos 056 and 141) of
Cork Gully, Churchill House, Churchill Way, Cardiff CF1 4XQ

NOTICE TO HOLDERS OF BEARER SHARES OF GLOBAL NATURAL RESOURCES PLC

Pursuant to a Scheme of Arrangement effective on 29th July 1983, the outstanding bearer shares ("Bearer Shares") of Global Natural Resources Inc. were cancelled and under a Trust Deed (the "Trust Deed") dated as of 9th May 1983 between Global Natural Resources Inc. ("Global-US") and Hambros Channel Islands Trust Corporation Ltd as trustee (the "Trustee"), the holders of Bearer Shares had the right to exchange their Bearer Shares on a share-for-share basis for certificates in registered form of Global-US until 29th July 1988; thereafter they could exchange their Bearer Shares for cash. Despite the restrictions of the Trust Deed, the Trustee on advice of counsel has since July 19, 1988 continued to so exchange Bearer Shares for Global-US shares. If requested, and will for an indeterminate date continue to do so.

Bearer Shares do not represent Global U.S. shares and are not entitled to receive dividends, notice of meetings, vote or otherwise participate in the affairs of Global U.S. Global U.S. shares are traded on the American Stock Exchange.

Certificates for Bearer Shares may be exchanged at the election of the holder for Global U.S. shares or cash by delivery of a completed form of application, together with certificates for Bearer Shares to the Exchange Agent named below. Forms of application and information with respect to the amount of cash that may be obtained in lieu of Global U.S. shares in exchange for Bearer Shares may be obtained from:

Exchange Agent:
Registrar and Transfer Company
Attn: Exchange Department
10 Commerce Drive, Cranford,
New Jersey 07016, USA
or from:
Hambros Bank Ltd
Attn: Stock Counter, 41 Tower Hill
London, England EC3N 4HA

Telephone No 480 5000
Fax No 702 4424

On May 15, 1989, Global U.S. mailed to its shareholders Notice of the Annual Meeting of Shareholders to be held at The Ritz Carlton, 1919 Briar Oaks Lane, Houston, Texas, on June 16, 1989 at 9.00 a.m. together with related proxy material.

FT LAW REPORTS

Shareholders retain their voting rights

RE PICCADILLY RADIO PLC
Chancery Division: Mr Justice Millett: April 27 1989

RECTIFICATION of a company's register to delete the name of a shareholder registered in unwitting breach of the articles of association and giving rise to no grievance, will not be ordered by the court on the application of a person whose true purpose is to disenfranchise the shareholder so as to eliminate his opposing vote on a takeover.

Mr Justice Millett so held when giving his reasons for having refused, on March 17 1989, applications by Red Rose Radio plc and Greenhall Whitney plc, shareholders in Piccadilly Radio plc, to restrain two other shareholders, Allied Entertainment Financial Services plc and Albion Nominees Ltd, from voting their shares at an extraordinary general meeting on March 20. Indemnity costs were ordered against the applicants.

HIS LORDSHIP said that Piccadilly was a sound programme contractor which operated a commercial radio station and held a licence from the Independent Broadcasting Authority (IBA).

Red Rose held 2.9m of its non-voting ordinary shares, and Greenhall held 97,425 A ordinary shares carrying voting rights.

Under an agreement and supplemental agreement, the IBA had power to determine Piccadilly's licence if there was a change in the legal or beneficial ownership of its voting shares without the IBA's written consent.

Under the supplemental agreement such consent was "deemed" to be given if the change affected ownership or control of not more than 10 per cent of the voting rights.

Piccadilly's articles of association contained provisions designed to protect it from the risk of determination of its licence.

Article 33 provided that no person should be the registered holder or beneficial owner of 15 per cent or more of the issued A shares.

Article 34A prohibited the transfer of an A share to any person without the IBA's previous written approval.

In 1988 Virgin Vision Ltd, a registered shareholder, desired to dispose of 281,860 A shares, representing 10.84 per cent of the voting shares in Piccadilly.

It was arranged that Allied should acquire 9.99 per cent for its own benefit, and should acquire the remaining .85 per cent (22,000 shares), for the benefit of two of its directors as an introduction fee.

Completion took place on December 30. Allied paid Virgin £546,808, and two executed stock transfer forms in favour of Allied were handed over.

It was subsequently suggested that the 22,000 shares should be registered in the name of Albion Nominees instead of Allied, to mark the distinction between shares held for the benefit of the two directors from those held beneficially by Allied.

The original share transfer was amended and initialled on Virgin's behalf. The transfers in favour of Allied and Albion were duly registered on February 3 and 17 1989. The IBA's written consent to those transactions as not obtained.

The 22,000 A shares were held beneficially for the two Allied directors, not as a device to avoid the need for IBA consent, but as a genuine introduction fee, though the proportions in which the shareholdings were divided served both purposes.

There was no intention or attempt to conceal the state of affairs from Piccadilly or the IBA. On the contrary, they were led to believe that both blocks of shares belonged to Allied as, in a commercial sense, they did. Piccadilly took all reasonable steps to satisfy itself that the two transfers were properly registrable before giving instructions for registration.

On December 22 1988 it had been announced that Piccadilly proposed merging with Midlands Radio. The Midlands offer was conditional on Piccadilly's holding an extraordinary general meeting, and passing certain resolutions. The meeting was due to take place on March 20 1989.

On February 6 Red Rose's parent company, Miss World Group, announced its intention of offering for the whole of Piccadilly's share capital not already owned by it or its subsidiaries.

The Miss World offer was conditional on defeat of the resolutions at the extraordinary general meeting on March 20, and the passing of special resolutions to amend article 33 so that the offer could be accepted.

On March 10 the Piccadilly board announced it would recommend the Miss World offer to shareholders.

Red Rose supported Miss World, but had no voting shares. Greenhalls committed its shares to the offer. To improve their chances of success, they sought to disenfranchise Allied and Albion, claiming their shareholdings were transferred to them in breach of article 34A.

They applied under section 359 of the Companies Act 1985, to rectify Piccadilly's register by deleting Allied and Albion, and substituting Virgin. They petitioned for similar relief under section 461, alleging that as shareholders they had been unfairly prejudiced by the Allied and Albion registrations.

They sought interlocutory relief (which was all that mattered to them) to restrain Allied and Albion from voting their disputed shareholdings on March 20.

The 9.99 per cent of the voting shares transferred to Allied was validly transferred by virtue of the "deemed" approval in the supplemental agreement.

With regard to the 22,000 shares transferred to Albion, Mr Stubbs for the applicants, submitted the Allied and Albion shareholdings should be amalgamated to see whether the 10 per cent was exceeded.

The language of the supplemental agreement was not clear, but it might have the effect that Allied was to be treated as a "transferee" of the shares transferred to Albion. If it did have that effect, then IBA consent was required insofar as the transfer exceeded 10 per cent.

Without much conviction the court assumed that Allied was the transferee of the 22,000 shares, so that the transfer required IBA consent and was in breach of article 34A.

The question was whether relief should be granted

Relief was discretionary. It was not the automatic consequence of a breach of the article.

The applicants sought to restrain Albion from voting any of the A shares registered in its name, no matter how it voted them.

That could not possibly be right. The shares were not liable to be disenfranchised altogether.

The execution of the share transfer by Virgin and Albion's consequent registration were in breach of article 34A, but the contract of sale itself and the purchase price were not. Virgin held the shares as bare trustee for Allied, and must exercise any voting rights which it might still have in accordance with Allied's wish.

There was an expectation that Albion would vote in accordance with Allied's directions. It would be pointless to restrain Albion from voting the shares otherwise than as Virgin should direct, if Allied could instruct Virgin as to what directions to give.

But there was a broader and more fundamental ground for refusing the application.

The applicants had no interest in the shares. They sought the restoration of Virgin's name to the register, yet Virgin did not. It was embarrassed by the application.

They alleged breaches of article 34A which was designed to protect Piccadilly from the risk of losing its licence. But Piccadilly did not support the application.

The IBA was aware of the facts and made no complaint, and the directors had ample powers to remedy the situation should the IBA require it. There was no suggestion that the licence was in danger.

The applicants were not aggrieved by the fact that the shares had been transferred without IBA consent, but by the fact that they had been transferred to a company which was unwilling to support the Miss World offer.

They were searching for a means to disenfranchise the expected opposition to their offer, and they seized on a breach of article 34A.

A less meritorious claim was difficult to imagine. Their purpose in making it was foreign to the statutory remedy which they invoked. It would not be a proper exercise of judicial discretion to grant the remedy of rectification in such circumstances.

As a second string to their bow, the applicants alleged the company's affairs had been conducted in a manner unfairly prejudicial to themselves.

Albion was the registered shareholder and, unless restrained by injunction, was entitled to vote. To succeed the applicants would have to show that Albion's registration was unfairly prejudicial to them. There was no evidence that it was. It was not Albion's registration as a shareholder that aggrieved them, but Albion's voting intentions.

The application had no prospect of success. Injunctive relief was refused.

At the meeting on March 20 Allied and Albion voted their shares in favour of the Midlands offer but it was defeated. Subsequently the Miss World offer was successful, and the IBA gave its consent. There was a regrettable tendency for contestants in modern take-over battles to try and enlist the aid of the court.

For the applicants: William Stubbs QC and Richard Snowden (Leytons)
For Piccadilly: Martin Moore (Kuit Steinart Levy & Co)
For Allied and Albion: Alan Steinfeld QC and John Cone (SJ Berwin)
For Virgin: Simon Mortimore (Harbottle & Lewis)

Rachel Davies
Barrister

COMMODITIES AND AGRICULTURE

Non-Opec countries meet to review export strategy

By Steven Butler

A GROUP of oil exporting countries which are not members of the Organisation of Petroleum Exporting Countries began meeting in London yesterday to review the oil market and discuss whether to continue voluntary exports cuts which amount to 300,000 barrels a day in the second quarter of the year.

The meeting is expected to adjourn this morning without any firm decision on whether to continue the cuts. This is likely to await Opec decisions at its ministerial conference in early June.

The meeting is attended by technical experts from Angola, China, Egypt, Mexico, Oman, Malaysia, Colombia, the Soviet Union, Norway and North Yemen, the US states of Texas and Alaska, and Alberta, the Canadian province. The production cuts were pledged by Malaysia, Oman, Colombia, Mexico, China, Angola and Egypt, although there have been questions raised about how much oil has actually been cut and whether it has been voluntary.

Announcement of the non-Opec cuts was credited earlier in the year with giving a psychological boost to the markets, although it has been the large cuts in North Sea production, along with higher-than-expected demand, which have driven prices sharply higher.

However, the non-Opec countries are known to be concerned about widespread reports that a number of Opec countries are cheating significantly on their Opec quotas. Opec is now believed to be producing by at least 2.5m b/d above its production ceiling of 18.5m b/d.

Iraq said this week that it would resume crude oil exports through the Gulf on June 1 in a move that industry analysts see aimed at bolstering its weight in Opec negotiations over a new production ceiling and production quotas.

Iraq has not exported oil through the Gulf since 1980, when its facilities were damaged by Iranian attacks. Iraq is likely trying to demonstrate that it is capable of much higher oil exports than its current level of about 2.7m b/d. Mr Issam Abdul-Rahim al-Chalabi, the Iraqi oil minister, has said that Iraq's export capacity would rise above 5.5m b/d next year.

Iraq may be particularly concerned because of recent Iranian cheating on its quota. Iraq won a major political battle within Opec in November when it was given a quota equal to that of Iran, which traditionally is the bigger producer.

Norway plans 35% output rise

By Karen Fossli in Oslo

NORWAY WILL this year increase crude oil production by 35.5 per cent over 1988 levels, or by 19 million tonnes, to 72.5m tonnes, according to figures released in the minority Labour Government's Revised National Budget.

That averages 1.47m barrels a day, up from 1.09 b/d in 1988, and compared with about 1.4m b/d forecast in the Government's original budget, published in December. Norway has committed itself to keep production 7.5 per cent below planned capacity for the third consecutive year to help Opec prop up world crude oil prices.

Norway's rapid rise in oil production is due primarily to the Oseberg and Ekofisk fields. Oseberg, which came on stream four months earlier than planned last December, is currently producing at peak levels in excess of 245,000 b/d while Ekofisk production has increased significantly because of the waterflood project, a major secondary crude oil recovery programme.

Production from the Gullfaks B platform is steadily rising and is expected to hit 300,000 b/d. In addition, Statoil, the operator, intends to bring Gullfaks C, the third platform in the field, on stream six months earlier than originally planned at an initial rate of 100,000 b/d, building rapidly during the first half of 1990 to 300,000 b/d.

Though Mr Arne Oeien, Norway's Oil Minister, says Opec officials have been briefed about Norway's production rise, he admits that this could create certain credibility problems for Norway with some of the individual Opec members.

The increases in both production volume and world crude oil prices have also given Norwegian officials confidence to raise to NKr 110 (£9.50) a barrel from NKr 90 the oil price on which the revised national budget is based.

The forecasts are based on the assumption that Norway will keep production 7.5 per cent below capacity for the remainder of the year, although official policy is that the measure is "unilateral in character, flexible in form and limited in time."

Norway's Prime, Mrs Gro Harlem Brundtland, warned in Washington in May, however, that Norway "will cancel or adjust unilaterally (our) measures should developments and (our) interests call for it."

● Norske Shell, the Norwegian subsidiary of Anglo-Dutch Shell, is considering locating the processing plant for its giant offshore Troll gas field development onshore rather than on the offshore platform as originally envisaged in a bid to defer investment costs and reduce by one-third annual operating costs of the facility. Troll, due to come on stream in 1996, is Europe's second biggest gas field with 1.3 trillion (million million) cubic metres in estimated recoverable reserves. Gas from the field has been purchased by a consortium of European buyers and the field's owners have been seeking ways to improve its overall economy. Shell will decide by March, 1990 on the final development solution for Troll, situated some 50 km off the west coast of Norway.

Copper shrugs off PNG strike

By Kenneth Gooding, Mining Correspondent

LONDON METAL Exchange copper prices yesterday shrugged off news that Bougainville, the biggest copper mine in Papua New Guinea, had halted production again.

About 1,000 employees stopped work on Monday afternoon at the mine, which produces about 175,000 tonnes of copper in concentrate each year and is 53.6 per cent owned by CRA of Australia, after two men were wounded by a gang armed with guns and bows.

Bougainville had been forced to close briefly on four previous occasions since last December because militant land owners, demanding huge compensation, started a sabotage campaign.

However, in London copper prices yesterday continued the fall which began after the announcement on Monday of a big increase in LME stocks last week caught traders by surprise. At 135,050 tonnes stocks are now at their highest level for two years and double what they were at the start of 1989.

Grade A copper ended yesterday with only a very small backwardation – where the price for immediate delivery is higher than the three-month price. The spot price was £1,622.50 a tonne while three-month metal ended at £1,622.25, down £26.5 and £24.75 a tonne respectively.

Tin settlement talks break up

By Kenneth Gooding

TALKS BETWEEN the International Tin Council working group and creditors who claim they are owed £513m following the 1985 collapse of the ITC's buffer stock have broken up for the time being but creditors suggest there is a strong willingness on both sides to reach an out-of-court settlement.

The ITC working party is to meet again next month and creditors say they take heart from the fact that the Canadian Government representatives are still leading the efforts for a settlement.

Canada previously indicated it would give up this role if it could not persuade all the 22 ITC member countries to work towards a settlement.

However, there is a huge gap between what the creditors say *they are willing to accept* – £225m – and the amount suggested by the ITC working party.

Creditors said yesterday they were disappointed with the figure mentioned by the ITC members and that it would have to be improved substantially if it was to have any chance of being accepted.

Towards a greener farm policy

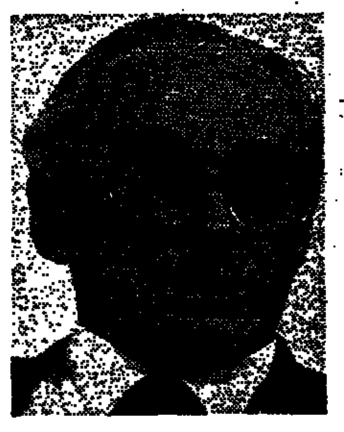
Bridget Bloom studies a blueprint for change in UK agriculture

MR NICHOLAS Ridley, Britain's Environment Minister, lambasted farmers last week for *polluting the environment, and* in doing so made banner headlines. Much less notice was paid to his promise, in the same speech, to the Agricultural Forum in London to look closely at ideas for a brave new world in farming launched earlier this month by the Countryside Commission, the Government's official advisory body on the countryside.

Mr Ridley said the Commission argued "that the present system of farm support, both annual payments and capital grants, should be completely replaced by a new system which would give full recognition of the multiple objectives of farming, including the environmental, recreational and social benefits that can be gained." He added that, though he had not yet had time to study the proposals in detail, "They are very much in the direction I have advocated, the direction in which we are already moving."

It is a measure of the fast-changing agricultural scene that a body like the Countryside Commission can suggest that farmers should receive grants primarily aimed at conservation rather than at maximising production – and that a government minister can respond so positively to that suggestion. That would certainly not have been the case even some five or six years ago when the European Community had barely begun to control its runaway farm budget, its wheat mountains or its milk lakes.

The Commission's slim report* had not been commissioned by the Government and in that sense has no official status. It was launched earlier this month in the midst of the Food and Farming Festival jamboree in London's Hyde Park and is only now being studied in any depth by the Government and interested bodies like the National Farmers' Union, which was examining it in committee yesterday.



Nicholas Ridley: Farming's "multiple objectives" should be recognised

It seems certain, however, to provoke heated public debate before long: officials are already privately questioning some of its assumptions. In particular they wonder about projected savings of nearly £50m in the UK bill for farm support from the scheme, which, it is claimed, would streamline grants to farmers without necessarily losing them income.

The report takes as its starting point the fact that "food production is no longer the single driving force of agricultural policy: increasingly, the value of Government support . . . must be measured in terms of environmental, recreational and social benefits."

In these circumstances, support to farmers must be reoriented to enable them as "custodians of the countryside . . . to carry out tasks that provide little financial return but which are demanded by and are of benefit to the community as a whole," the report says.

The incentives provided through the scheme should aim to maintain a "sufficient level of production while, at the same time, assisting environmentally friendly farming."

The Commission says its proposed system of grants "should be simpler and less costly to administer than the current plethora of arrangements."

Its scheme has two key elements:

● All grants, whether capital aid or in the form of annual revenue payments such as the ewe or suckler beef premium, should form part of a single "comprehensive menu" of support. Farmers would be presented with a single form and would choose from that menu what was applicable to their circumstances.

● In addition, they would be able to draw from a "premium package" of grants which would be at a higher rate and targeted at improving farming practices on a country-wide scale, on the lines of the scheme now covering the 19 geographically limited environmentally sensitive areas (ESAs).

According to the commission, the comprehensive menu would include all agricultural and horticultural grants, conservation and recreation-oriented revenue payments as well as incentives to set aside arable land and diversify production. It would include all existing grants and many new ones.

As an example of the former, the commission lists capital and revenue grants to convert and maintain arable land to woodland or permanent grassland, while new grants should include the creation and maintenance of footpaths.

Perhaps anticipating criticism, the commission says it is not trying to provide "an all-embracing scheme for immediate implementation." It is rather offering a framework into which existing programmes and new requirements can be fitted.

The most immediate criticism is likely to focus on the report's financial calculations. It states without proof that savings of £46.5m a year could be made on an estimated budget of some £1.4bn for England and Wales, apparently mainly from the conversion of arable land, which generally incurs heavy costs through supported farm-gate prices, to lower cost grass or woodland.

The second focus of criticism is likely to be that the report takes little account of the need for approval of such an environmentally protectionist scheme by the EC Council of Ministers – Britain is not a free agent in respect of its agricultural policy, as the report sometimes appears to suggest.

Thirdly, while the claim is made that the system could be simpler and less costly to operate no thought *seems to have* been given to its bureaucratic costs. These have proved particularly heavy for example in the establishment of the ESAs.

As for farmers' reactions, while many would no doubt welcome a more "user friendly" system of grants, others are likely to resist for economic as well as social reasons becoming what many disparagingly call park keepers of the countryside.

That being said, it is noteworthy that the Country Landowners' Association in a recent report has come up with rather similar ideas. It advocates what it calls an environmental land management scheme under which landowners would contract with local or central government authorities to provide environmental or conservation services for the public good.

The Countryside Commission has a claim to be in the vanguard on agriculture policy in the last few years. It helped to spearhead the once criticised but now successfully established ESAs. Its advice may yet form the basis of official policy on this broader front too.

* *Incentives for a New Direction for Farming. Countryside Commission, Cheltenham.*
†*Enterprise in the Rural Environment. CLA, 16 Belgrave Square, London SW1, £3.00.*

Sharp fall forecast in Australian wool earnings

By Chris Sherwell in Sydney

AUSTRALIAN WOOL export revenues will weaken significantly in the coming season because of increased world production, substitution of cheaper fibres and a stronger Australian currency.

According to the Australian Wool Corporation, which last week released its first estimates for the 1989-90 season, wool export earnings will be around A$5bn-A$5.5bn (£2.34bn-2.57bn), down sharply from A$6bn projected for the current year and A$5.8bn in 1987-88. The figure is more than A$1bn lower than the optimistic A$6.5bn forecast offered by the Government's Bureau of Agricultural and Resource Economics earlier this year.

Last week the market indicator price for wool – the benchmark for all categories of wool – continued its recent downward trend, slipping below the 900 Australian cents a kilogram (clean) mark to 875 cents.

The indicator was last at that level in November 1987, when prices were on an upward trend and eventually peaked at a remarkable 1,269 cents in April last year. The Wool Corporation is now predicting an average in the low 900s for 1989-90, compared with an expected average above 980 cents in the current season.

Despite this, Australian wool farmers want to maintain, if not increase, the current floor price of 870 cents at which the corporation buys wool in. This is partly because the price has never been lowered since the mechanism was introduced some 15 years ago; and partly because the corporation has enough cash to buy about a third of the total wool clip.

Behind the corporation's projections for the forthcoming season are two interlinked factors:

● A general rise in world wool production of around 4 per cent, and of 3 per cent in the production of the apparel wools in which Australia's strength lies.

● The generally high price of wool, which has encouraged the substitution of other fibres, particularly when the Australian dollar is also strengthening, as it was until February.

Wool market analysts nevertheless caution against viewing prices above 900 cents a kilogram in 1989-90 as a setback for Australian wool farmers, who will still reap handsome profits from their efforts.

WEEKLY METALS PRICES

All prices as supplied by Metal Bulletin (last week's prices in brackets).

ANTIMONY: European free market 99.6 per cent, $ per tonne, in warehouse, 1,950-2,025 (same).

BISMUTH: European free market, min. 99.99 per cent, $ per lb, tonne lots in warehouse, 6.00-6.25 (same).

CADMIUM: European free market, min. 99.5 per cent, $ per lb, in warehouse, 6.85-7.00 (6.75-7.00).

COBALT: European free market, 99.5 per cent, $ per lb, in warehouse, 7.30-7.60 (7.40-7.60).

MERCURY: European free market, min. 99.99 per cent, $ per 76 lb flask, in warehouse, 250-270 (255-275).

MOLYBDENUM: European free market, drummed molybdic oxide, $ per lb Mo, in warehouse, 3.65-3.70 (same).

SELENIUM: European free market, min 99.5 per cent, $ per lb, in warehouse, 6.70-7.40 (6.90-7.50).

TUNGSTEN ORE: European free market, standard min. 65 per cent, $ per tonne unit (10 kg) WO, cif, 53-65 (55-65).

VANADIUM: European free market, min. 98 per cent, $ a lb VO, cif, 8.00-8.40 (8.30-8.60).

WORLD COMMODITIES PRICES

LONDON MARKETS

COFFEE prices on the London futures market reached the highest level for 3½ months yesterday before drifting back towards the close. The continuing tightness of supplies available for immediate delivery and lack of significant selling interest lifted the prompt May position to £1,490 a tonne at one stage, and the price finished the day £70 up at £1,450. Meanwhile July, the second position, peaked at £1,197 before finishing £8 up on balance at £1,185 a tonne. Dealers said physical activity was slack as roasters were put off by the large premiums demanded for nearby supplies. Cocoa futures went back onto the retreat after the tentative rally of the previous few days. Selling by a French trade house was reported to have been a factor encouraging the £22-a-tonne slide that left the July futures position at £704 a tonne.

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$15.25-5.35v	+0.45
Brent Blend	$16.85-6.95q	+.425
W.T.I. (1 pm est)	$21.12-1.17q	+0.73
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$258-261	+1
Gas Oil	$147-149	+2
Heavy Fuel Oil	$90-92	+1
Naphtha	$183-185	+½
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$374	+0.25
Silver (per troy oz)♣	551c	-1
Platinum (per troy oz)	$523.75	+3.85
Palladium (per troy oz)	$155.00	+2.75
Aluminium (free market)	$2445	
Copper (US Producer)	131⅝-32¼c	-1⅝
Lead (US Producer)	38c	
Nickel (free market)	625c	-35
Tin (European free market)	$10325	-90
Tin (Kuala Lumpur market)	27.30r	-0.58
Tin (New York)	473.5c	-4.25
Zinc (US Prime Western)	87¾c	
Cattle (live weight)†	117.76p	+0.60*
Sheep (dead weight)†	269.89p	+4.27*
Pigs (live weight)†	85.89p	-1.48*
London daily sugar (raw)	$308.0u	-2.8
London daily sugar (white)	$354.2u	-0.8
Tate and Lyle export price	£289.0	-3.0
Barley (English feed)	£104.5w	-0.25
Maize (US No. 3 yellow)	£132.5	
Wheat (US Dark Northern)	£125.5z	
Rubber (spot)♥	55.50p	+0.50
Rubber (Jun)♥	63.50p	+0.50
Rubber (Jul) ♥	63.50p	+0.50
Rubber (KL RSS No 1 Jun)	276.0m	+0.5
Coconut oil (Philippines)§	$595u	
Palm Oil (Malaysian)§	$420	
Copra (Philippines)§	$370	
Soyabeans (US)	£199	-3
Cotton "A" index	77.45c	-0.15
Wooltops (64s Super)	615p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. v-Jul. u-Jun/Jul. q-Jun. x-Jun/Sep. w-Aug. z-May/Jun. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

COCOA £/tonne

	Close	Previous	High/Low
May	686	708	710 684
Jul	704	725	728 702
Sep	718	741	744 717
Dec	764	785	784 763
Mar	762	779	780 760
May	765	786	779 765
Jul	782	798	800 781

Turnover:7669 (2894) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for May 15: 938.08 (934.52): 10 day average for May 16: 937.93 (941.10)

COFFEE £/tonne

	Close	Previous	High/Low
May	1460	1380	1490 1380
Jly	1185	1177	1197 1170
Sep	1115	1115	1123 1107
Nov	1087	1081	1092 1075
Jan	1084	1079	1080 1075
Mar	1085	1074	1075
May	1085		1075

Turnover:5321 (2093) lots of 5 tonnes
ICO indicator prices (US cents per pound) for May 15: Comp. daily 115.03 (115.66). 15 day average 115.71 (116.01)

SUGAR ($ per tonne)

Raw	Close	Previous	High/Low
Aug	279.20	275.00	279.80 274.60
Oct	277.00	273.00	277.40 272.20
Dec	268.00	269.00	278.00 270.00
Mar	265.00	261.00	264.00
May	263.80	259.60	262.00
White	**Close**	**Previous**	**High/Low**
Aug	348.50	346.50	349.00 345.00
Oct	333.00	330.00	334.00 330.00
Dec	327.00	324.00	327.00
Mar	318.50	316.00	320.00 317.50
May	316.00	313.00	317.00
Aug	315.50	312.00	
Oct	312.00	310.00	

Turnover: Raw 3814 (2798) lots of 50 tonnes. White 1043 (790).
Paris- White (FFr per tonne): Aug 2276, Oct 2183, Dec 2130, Mar 2100, May 2090, Aug 2070.

CRUDE OIL $/barrel

	Close	Previous	High/Low
Jul	17.78	17.40	17.94 17.60
Aug	17.19	16.85	17.30 17.04
IPE Index	17.47	17.41	

Turnover: 7505 (1128)

GAS OIL $/tonne

	Close	Previous	High/Low
Jun	145.75	144.00	147.75 145.75
Jul	144.25	143.00	146.50 144.25
Aug	145.50	144.50	147.00 145.50
Sep	148.25	145.75	148.25 147.50
Oct	148.50	148.75	148.50
Nov	149.00	148.00	150.50 149.00
Dec	151.25	149.00	151.50 151.00

Turnover 7416 (1430)lots of 100 tonnes

JUTE
May/June c and f Dundee BTC $505, BWC $530, BTD $445, BWD $460; c and f Antwerp BTC $480, BWC $465, BWD $420, BTD $430.

COTTON
Liverpool- Spot and shipment sales for the week ended May 12 came to 113 tonnes against 330 tonnes in the previous week. Orders moved moderately with sales occurring in Soviet, west African and Pakistan growths.

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 17,750 tonne
Cash	2410-20	2445-55	2440/2435	2440-2		
3 months	2200-3	2210-14	2240/2185	2220-5	2190-5	35,538 lots
Copper, Grade A (£ per tonne)						Ring turnover 48,550 tonne
Cash	1622-3	1647-9	1640/1639	1639-40		
3 months	1622-2.5	1646-8	1644/1610	1641-2	1613-4	74,854 lots
Silver (US cents/fine ounce)						Ring turnover 0 ozs
Cash	545-6	547-50		545-7		
30 June	551-4	553-5		551-3		314 lots
Lead (£ per tonne)						Ring turnover 8,825 tonne
Cash	381-3	386-8	392/391	389.5-90.5		
3 months	381-3	376-7	382/376	381-1.5	382-3	10,241 lots
Nickel ($ per tonne)						Ring turnover 1,272 tonne
Cash	13900-4000	14200-300		13850-950		
3 months	13500-50	13700-800	13550/13300	13475-525	13500-600	7,734 lots
Zinc, Special High Grade ($ per tonne)						Ring turnover 12,625 tonne
Cash	1755-65	1747-55		1780-5		
3 months	1655-8	1650-5	1695/1655	1679-81	1640-50	11,095 lots
Zinc ($ per tonne)						Ring turnover 9,225 tonne
Cash	1665-65	1635-40	1682	1682-5		
3 months	1605-10	1585-90	1640/1580	1625-30	1585-90	11,294 lots

POTATOES £/tonne

	Close	Previous	High/Low
Nov	94.0	94.0	95.0 94.5
Feb	108.0	105.0	
Apr	163.0	173.0	178.0 163.0
May	180.0	187.0	185.5 184.0

Turnover 797 (702) lots of 40 tonnes.

SOYABEAN MEAL £/tonne

	Close	Previous	High/Low
Aug	148.50	147.50	148.50
Oct	147.50	146.00	148.50 147.60

Turnover 35 (20)lots of 20 tonnes.

FREIGHT FUTURES $10/index point

	Close	Previous	High/Low
May	1718	1737	1725 1715
Jun	1610	1646	1640 1610
Jul	1477	1493	1492 1465
Oct	1560	1574	1570 1556
Jan	1580	1610	1590 1580
Apr	1600	1615	1600 1595
BFI	1751	1749	

Turnover 398 (227)

GRAINS £/tonne

Wheat	Close	Previous	High/Low
May	115.25	116.50	116.35 115.25
Jun	116.40	117.10	116.95 116.40
Sep	105.70	105.85	105.70 105.65
Nov	107.95	107.85	107.85 107.85
Jan	111.30	111.20	111.20 111.15
Mar	114.25	114.10	
May	117.30		117.20
Barley	**Close**	**Previous**	**High/Low**
May	107.25	107.85	107.80 107.25
Sep	103.75	103.70	103.75 103.70
Nov	106.70	106.60	106.60
Jan	109.35	109.40	
Mar	112.00	112.10	
May	113.35	113.20	

Turnover: Wheat 192 (96), Barley 85 (43).
Turnover lots of 100 tonnes.

PIGS (Cash Settlement) p/kg

	Close	Previous	High/Low
Jun	110.0	109.0	
Aug	108.5	107.5	108.0
Oct	112.5	111.0	111.5
Nov	113.0	111.8	112.5 112.0
Feb	109.0	107.0	107.5

Turnover 35 (5) lots of 3,250 kg

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	373¾-374¼	227¾-228⅛
Opening	374¾-375¼	227¼-227¾
Morning fix	374.40	227.585
Afternoon fix	374.60	227.660
Day's high	375-375½	
Day's low	373½-374	

Coins	$ price	£ equivalent
Mapleleaf	384-389	234-237
Britannia	384-389	234-237
US Eagle	384-389	234-237
Angel	384-389	234-237
Krugerrand	373-376	227¼-229¼
New Sov.	88½-89½	54-54⅝
Old Sov.	88½-89½	54-54⅝
Noble Plat	526.1-534.5	319.6-324.75

Silver fix	p/fine oz	US cts equiv
Spot	334.75	550.80
3 months	345.50	564.15
6 months	356.70	577.85
12 months	377.95	604.40

LONDON METAL EXCHANGE TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Jul	Sep	Jul	Sep
2000	378	204	13	99
2200	219	112	53	202
2400	108	57	139	340
Copper (Grade A)	**Calls**		**Puts**	
2550	159	176	55	108
2650	103	128	98	157
2750	62	90	158	216

LONDON FOX TRADED OPTIONS

Coffee	Jul	Sep	Jul	Sep
1150	70	64	38	101
1200	43		61	
1250	26		94	
Cocoa	**Jul**	**Sep**	**Jul**	**Sep**
700	23	41	19	23
750	8	19	52	51
800	1	7	97	89

US MARKETS

IN THE METALS, quiet action was seen in the gold and silver after Monday's decline, reports Drexel Burnham Lambert. Both markets swayed around the unchanged level for most of the day. Copper futures sank on good fund selling. The July contract fell over 250 points. Platinum prices were lower in slow trading. In the softs, sugar posted a modest rally on mostly local activity. Cocoa futures sank from good commission house selling. Late day buy stops pushed the coffee market higher. The livestocks featured a limit down move in the pork bellies. Sell-stops broke down its technically weak condition. Live hogs and cattle also fell on carryover selling from the bellies. In the grains, prices were down in all markets on heavy technical and fund selling. Elected sell stops on the way down added weakness. July soybeans lost 18 1/2 cents while the wheat dropped 8 cents as the days biggest declines. Cotton futures featured sideways trading for most of the day. The energy complex gained from a strong technical rally. Buy stops helped push prices through heavy resistance areas.

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
May	375.5	375.6	0	0
Jun	376.2	376.5	377.4	375.5
Jul	378.1	378.4	0	0
Aug	379.8	380.0	380.9	379.2
Oct	383.9	384.0	385.0	383.7
Dec	388.0	388.0	389.0	387.6
Feb	392.1	392.1	0	0
Apr	396.3	396.3	396.4	396.4
Jun	400.5	400.5	400.5	400.0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
May	520.3	523.3	0	0
Jul	523.3	526.3	529.9	522.5
Oct	521.8	524.8	528.0	521.0
Jan	523.3	525.8	528.5	524.9
Apr	525.8	528.3	528.0	528.0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
May	550.0	549.1	552.5	549.0
Jun	551.9	551.1	0	0
Jul	557.3	558.5	560.5	558.0
Sep	566.8	566.1	569.0	565.5
Dec	580.2	579.4	582.0	579.0
Jan	584.5	583.7	0	0
Mar	593.5	592.7	596.0	594.5
May	602.9	602.1	608.0	600.5
Jul	612.4	611.6	614.0	611.5
Sep	622.2	621.4	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

May 15	May 12	mnth ago	yr ago
2010.5	2011.4	2011.6	1779.0

DOW JONES (Base: Dec. 31 1974 = 100)

Spot	137.38	138.38	138.35	134.21
Futures	135.91	136.80	139.39	135.29

COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	117.10	120.00	120.00	117.00
Jun	116.90	119.00	118.00	118.00
Jul	115.20	117.75	117.50	114.60
Sep	113.70	116.35	116.35	113.40
Dec	111.70	114.20	114.00	111.00

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Jun	21.04	20.51	21.31	20.65
Jul	19.36	18.99	19.55	19.19
Aug	18.58	18.24	18.65	18.39
Sep	18.14	17.83	18.18	17.95
Oct	17.83	17.57	17.90	17.70
Nov	17.66	17.39	17.69	17.55
Dec	17.50	17.24	17.50	17.33
Jan	17.40	17.10	17.40	17.40
Feb	17.25	17.00	17.25	17.15
Mar	17.10	16.90	17.10	17.08

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Jun	5020	4967	5095	5005
Jul	4890	4843	4935	4875
Aug	4905	4860	4945	4880
Sep	4955	4915	4995	4940
Oct	5010	4975	5050	5010
Nov	5070	5035	5110	5065
Dec	5130	5100	5190	5120
Jan	5200	5125	5200	5200

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
May	1156	1188	1171	1156
Jul	1137	1163	1155	1133
Sep	1140	1169	1160	1137
Dec	1148	1173	1160	1146
Mar	1150	1178	1162	1147
Sep	1195	1224	1205	1194

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
May	142.13	139.44	142.20	139.70
Jul	131.55	128.28	131.75	128.75
Sep	125.35	123.00	125.40	123.25
Dec	121.01	119.15	121.01	119.30
Mar	119.50	117.55	119.50	117.75
May	118.00	115.75	118.50	118.50
Jul	119.50	115.75	0	0
Sep	118.00	116.00	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jul	12.54	12.35	12.61	12.33
Oct	12.44	12.23	12.48	12.21
Jan	11.93	11.68	0	0
Mar	11.90	11.75	11.95	11.80
Jul	11.61	11.68	0	0
Oct	11.60	11.45	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Jul	67.23	67.21	67.75	66.88
Oct	67.95	68.07	68.29	67.60
Dec	67.93	67.98	68.28	67.50
Mar	68.25	68.45	68.56	68.00
May	68.30	68.59	68.43	68.33
Jul	68.52	68.60	68.45	68.45
Oct	66.17	66.37	66.20	66.20

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	187.50	188.75	188.80	187.50
Jul	188.75	192.70	192.45	188.50
Sep	183.90	185.55	185.90	183.20
Nov	175.30	175.80	176.00	175.20
Jan	171.50	172.00	172.00	170.05
Mar	168.95	170.95	170.00	170.00
May	168.95	170.40	0	0
Jul	168.95	170.40	0	0
Sep	168.95	170.40	0	0

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
May	732/2	748/0	748/4	732/0
Jul	715/0	733/4	733/4	714/0
Aug	708/2	727/4	727/6	706/0
Sep	690/4	711/2	709/4	690/0
Nov	683/4	702/4	700/4	682/0
Jan	692/4	710/6	710/0	690/0
Mar	702/0	722/0	717/4	702/0
May	708/4	725/4	724/0	705/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
May	22.17	22.47	22.55	22.13
Jul	22.68	22.93	23.03	22.64
Aug	22.81	23.07	23.28	22.80
Sep	23.07	23.27	23.45	23.02
Oct	23.25	23.40	23.60	23.20
Dec	23.65	23.97	24.08	23.63
Jan	23.80	24.13	24.25	23.80
Mar	24.35	24.70	24.70	24.35

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
May	215.6	219.7	219.5	215.5
Jul	214.4	218.2	218.2	214.1
Aug	211.3	216.1	216.1	211.2
Sep	208.5	213.2	213.0	208.5
Oct	204.3	209.2	209.5	204.2
Dec	202.7	207.5	207.5	202.0
Jan	202.5	207.5	207.5	202.5
Mar	202.0	206.2	206.0	202.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
May	277/4	280/6	280/4	276/0
Jul	271/4	276/0	275/4	270/0
Sep	259/4	264/4	263/2	258/4
Dec	256/6	260/4	259/4	254/2
Mar	262/4	267/2	265/2	260/6
May	264/0	269/0	268/0	264/0
Jul	265/4	270/6	270/0	265/4

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
May	409/4	418/0	416/0	406/0
Jul	400/6	408/6	407/0	399/4
Sep	408/2	416/4	415/4	407/4
Dec	420/6	429/0	428/0	420/0
Mar	427/4	436/0	432/4	425/0
May	418/4	426/0	422/0	416/2

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jun	71.52	71.67	72.00	71.47
Aug	68.06	68.30	68.45	68.00
Sep	68.75	68.50	68.75	0
Oct	70.35	70.35	70.60	70.25
Dec	71.90	71.85	72.00	71.75
Feb	72.20	72.35	72.30	72.00
Jun	72.35	72.35	0	0

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Jun	47.97	48.72	48.67	47.80
Jul	47.75	48.60	48.55	47.62
Aug	46.27	47.12	47.20	46.25
Oct	43.40	44.00	44.00	43.35
Dec	45.60	46.00	45.97	45.50
Feb	47.07	47.32	47.25	46.80
Apr	44.80	45.00	44.97	44.80
Jun	47.75	47.95	48.05	47.75

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
May	33.75	35.75	35.40	33.75
Jul	33.87	35.87	35.55	33.87
Aug	33.50	35.50	35.20	33.50
Feb	50.37	52.30	51.90	50.32
Mar	50.02	51.87	51.00	50.02
May	51.80	53.60	51.80	51.80
Jul	50.70	52.30	0	50.70
Aug	48.10	50.05	0	48.10

LONDON STOCK EXCHANGE

A lively end from Gold Fields saga

THE HEAT was turned down under dollar earning stocks yesterday and the UK stock market was left to drift lower as it awaited the next move on the global and domestic economic fronts. However, the market's day ended in some drama as news reached London that Minorco was admitting defeat in its £3.5bn takeover move against Consolidated Gold Fields. This followed a New York court's refusal to lift the injunction barring Minorco from completing its proposed acquisition of the mining group. UK traders last night were speculating as to what would happen now to the 29.9 per cent Gold Fields stake already held by Minorco.

Account Dealing Dates			
First Dealings:	May 8	May 22	June 5
Option Declarations:	May 18	Jun 1	Jun 15
Last Dealings:	May 19	June 2	Jun 16
Account Day:	May 30	Jun 12	Jun 26

*New time dealings may take place from 8.30 am two business days earlier

There was little response in the market yesterday to the dip in the latest US housing start statistics, but concern over pressures on the dollar and on European interest rates focuses on today's announcement of the US trade figures for March and on today's Bundesbank meeting.

UK equities opened lower as traders sensed that the easier trend in the dollar might take the steam out of Wall Street when it opened for the next trading session. Turnover was extremely light, however, with the market lacking the early morning activity which usually sets the trend.

The Footsie drifted down by about 12 points and, after a poor start on Wall Street had halted a hesitant rally, slipped back again to close at a low point for the day. The final reading on the FT-SE Index showed a loss of 13.2 to 2,136.7.

Seaq volume totalled 401.5m shares against 411m on Monday. Business in the blue chip issues was unexciting. ICI trade barely exceeded half a milllion shares, while Glaxo slipped back after Monday's currency-inspired advance, on only 1.7m shares.

Among the consumer sectors, brewery issues made little response to reports of an amicable meeting between brewery and Government representatives on the controversial report by the UK Monopolies and Mergers Commission.

There were several special situations yesterday to keep the market on its toes. Shares in Consolidated Gold Fields fell sharply as London anticipated the decision by the New York court to uphold the injunction preventing Minorco from accepting Gold Fields shares. The judge's decision, and Minorco's withdrawal from the field, reached London just after the Seaq electronic market network had closed down for the day.

The final Seaq quotation showed Gold Fields shares with a loss of 45 to 1273p, with 1.1m shares traded. Selling had gathered pace towards the market close and London traders were braced for excitement overnight as the arbitrageurs reacted to the dramatic termination of the largest takeover attempt recorded to date in London.

FINANCIAL TIMES STOCK INDICES

	May 16	May 15	May 12	May 11	May 10	Year Ago	1989 High	1989 Low	Since Compilation High	Since Compilation Low
Government Secs	86.74	85.83	86.76	86.54	86.56	90.16	89.29 (9/2)	85.84 (13/4)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	97.26	97.44	97.05	97.32	97.36	98.10	98.59 (15/3)	95.93 (4/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1776.2	1787.2	1779.1	1758.7	1763.4	1435.5	1787.2 (15/5)	1447.8 (3/1)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	176.3	177.8	178.3	174.3	173.3	197.8	196.1 (28/3)	154.7 (17/2)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	4.45	4.39	4.42	4.47	4.44	4.57				
Earning Yld %(full)	10.84	10.74	10.81	10.92	10.81	11.80				
P/E Ratio(Net)(*)	11.13	11.23	11.16	11.04	11.17	10.37				
SEAQ Bargains(5pm)	27,649	29,764	27,173	23,263	24,128	25,030				
Equity Turnover(£m)†	-	1204.86	1240.09	1170.87	1279.54	1169.33				
Equity Bargains†	-	32,489	29,996	27,020	28,791	25,735				
Shares Traded (ml)†	-	445.5	463.8	436.3	465.8	385.2				

Ordinary Share Index, Hourly changes

Opening	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1784.4	1781.8	1777.5	1780.5	1777.3	1777.5	1778.5	1778.3

DAY'S HIGH 1786.6 DAY'S LOW 1775.8

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974. *Nil 11.03 †Excluding intra-market business.

● S.E. ACTIVITY

Indices	May 15	May 12
Gilt Edged Bargains	113.3	87.9
Equity Bargains	210.5	194.4
Equity Value	2435.3	2606.5
5-Day average		
Gilt Edged Bargains	89.5	84.3
Equity Bargains	193.1	193.0
Equity Value	2494.1	2456.0

● London Report and latest Share Index: Tel. 0898 123001

Mitsui link advances Burmah

News that the Japanese shipping group Mitsui is taking a 50 per cent stake in Burmah Oil's liquefied natural gas (LNG) business for some $45m was construed as bullish for Burmah shares. They responded with a 30 rise to 591p with turnover expanding to a much bigger than usual 3.3m.

Analysts greeted the news with enthusiasm. Mr Philip Lambert, oil analyst at Kleinwort Benson and a strong advocate of Burmah shares over the past few months, immediately lifted his profits forecast for 1989 from £92m to £103m, adding that the company has the additional benefits of a strong start to the year from the Castrol lubricants subsidiary.

Mr Nick Clayton at Smith New Court was equally bullish of the shares and said: "This news puts paid to sceptics of the stock; we are upping our forecast to at least £100m, or earnings per share of 57p," adding: "On this basis, the shares should trade on a market rating that is in excess of £6 a share."

The Smith New Court analyst said the deal would release to Burmah an additional $95m in cash currently tied up in the LNG operation with a net cash flow benefit of $140m. "This represents a gain of at least £10m per annum of after tax earnings over five years; it really is super-good news for Burmah," he said.

Coup for WPP

WPP's agreed takeover of US advertising giant Ogilvy Group gave the market cause to celebrate the manner in which the UK agency acquired its quarry so swiftly. Only two weeks ago, when WPP first intimated an offer, the move was described as one of "shameless audacity" and was vigorously opposed by the board of the US group.

The whole approach of WPP chief Mr Martin Sorrell to corporate acquisitions is interesting, said a leading analyst yesterday. His logic seems to be: "Put it all in the shop window and then settle on a price," and the upshot is he now controls an advertising empire challenging Saatchi & Saatchi for the number one spot.

In spite of the fund raising — £214m from a rights issue of 11 per cent convertible preference stock and £350m via a straight loan — necessary to finance the acquisition, shares of WPP rallied. Sentiment was boosted by reports that the generous yield on the new convertible preference stock was attracting considerable interest and WPP ordinary shares consequently settled 38 up at 652p.

No surprise

The news that Beecham has launched Eminase, its heart drug, in the UK market was no surprise and "will not change the scenario for the planned merger with SmithKline Beckman, nor prospects for the new group to be formed by it," said to Dr Erling Refsum of Nomura Securities.

The final details of the merger plan are expected next week, following formal approval by the Securities and Exchange Commission. The UK launch of Eminase is seen as a promising step towards the drug's introduction into the US market for which Beecham applied earlier this year.

The Burmah/Mitsui deal immediately triggered a spurt in Ultramar. Burmah, according to the market, ships Ultramar's liquefied natural gas to Japan and the Japanese have apparently upped their forecasts for their LNG requirements. Ultramar is scheduled to report first quarter figures today, with market forecasts of net income ranging from around £18m to £35m, an unusually wide divergence of opinions. "The potential for stock gains is very big and the figures could spring a surprise," said a top dealer in the shares. At the close Ultramar shares wqere 5 ahead at 325p.

The banks remained under a cloud, still beset by worries over Latin American debt triggered by the Argentine election victory of Mr Carlos Menem. Lloyds were particularly vulnerable, closing 10 lower at 359p, while Midland dipped 5 to 334p. Barclays, generally much less perturbed by the LDC problem than Lloyds and Midland, fell 7 to 475p.

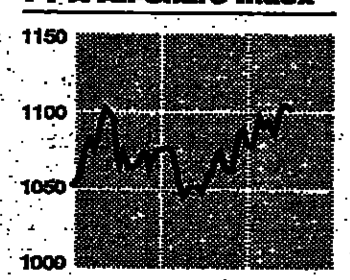
Hambros featured the merchants, retreating 6 to 220p after the steep slide in associate, Hambros Countrywide, the estate agency business, where broker Kleinwort Benson predicted a substantial lapse into losses.

Life assurances included a couple of active stocks in Legal & General and Prudential; dealers said a switch out of Pru and into L & G left the latter 4 ahead at 324p but the former 2 off at 188p.

CE Heath outperformed other insurance brokers with one of the top UK securities houses said to have been a big buyer of the shares which are regarded as having been left behind the rest of the sector; at the close Heath shares were 9 up at 479p.

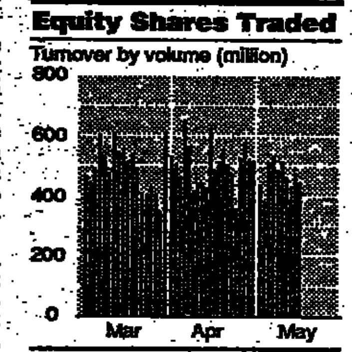
The season of brewery figures got under way with a 15 per cent jump in annual profits to £502m from Allied-Lyons. The market was marginally disappointed by the figures — the better than expected contribution from property disguised some dull performances in core business, said one analyst — and in the wake of a "downbeat" post-results meeting the shares slipped 10 to 452p on turnover of 4.6m. A number of brokers downgraded Allied-Lyons forecasts for next year; at the top of the range Nomura Research has lowered its estimate by £10m to £580m, while the more conservative County NatWest WoodMac is now going for £557m.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)



Regional Vaux fell slightly to 287p after the market took news of £11.85m interim profits and a £60m debenture stock issue in its stride. Bass fell 9 to 951p ahead of today's half-yearly figures. The one brewer to buck the market trend was Scottish & Newcastle, which added 4 at 306p amid vague talk that part of the Elders IXL stake had changed hands.

Cider maker Bulmer jumped 9 to 182p after announcing that Japanese brewer Sapporo is to distribute Bulmer's Woodpecker cider brand in Japan.

News that BCI is involved in discussions with a Mexican group with a view to selling its 49 per cent stake in its Mexican associate Tolteca and its Arizona division, boosted BCI shares 8 to 570p. Other building issues made further good progress, with Rugby closing 5 ahead at 203p following an analysts' visit to the John Carr subsidiary. Steetley continued their recent strong performance, adding a further 14 at 474p. British Dredging jumped 6 to 177p after news of the property revaluation.

Rechem, the chemicals group, shot up 47 more to 613p, still buoyed by the almost doubled profits announced on Monday.

Among weaker Stores a fortnight of outperformance ended for Kingfisher as its shares dropped 13 to 319p on turnover of 3.4m. Talk that a stake has been built in the stores group has fizzled out so many investors decided to take profits. However, the buyers could soon return to pick up the 7.2p dividend before the shares go ex on Monday, said dealers.

Wickes fell 13 to 194p amid further worries about the affect of lower consumer spending on the demand for building and diy supplies.

The main activity in electronics was focused on British Telecom. The shares eased a fraction to 272½p on turnover of 6.5m after a warning from Ms Judy Stewart, electronics analyst at Citicorp Scrimgeour Vickers, that she "expects the underperformance (in BT shares) to continue as the more difficult outlook in the current year is assimilated; the struggle with OFTEL continues and we suspect that Mercury will be favoured in any outcome," Ms Stewart said. Citicorp expects BT to reveal full-year profits of £2.49bn on June 1, following a weak fourth quarter, partly due to Easter falling in March resulting in BT losing two working days (£20m pre-tax profit).

Racal Electronic, steady at 484p on turnover of 5.2m shares, underperformed Racal Telecom which raced up 9 more to a peak 432p, still buoyed by the latest news from the US where some 13 per cent of the 20 per cent of Racal Telecom shares in issue have found a home. Amstrad dipped 6 to 108p after 105p on turnover of 6.5m with analysts forecasting poor figures from US computer group Hewlett Packard and dealers complaining of persistent big selling into the market.

Second line electronics weakened significantly, still on the recent spate of profits warnings. Farnell dropped 9 to 176p.

The Citicorp Scrimgeour Vickers' recommendation to switch from Capital Radio into Miss World saw the latter race up 52 more to 613p.

Colorol shares retained their forward momentum as investors looked ahead to the annual results, due on May 23. Mr Donald Anderson of Hoare Govett thinks there is still considerable nervousness about the course of sales of homewares in the UK and this is reflected in the depressed share price. However, he maintains Colorol will market its way out of any retail weakness and that, since the balance sheet has been strengthened by actual and expected sales in Australia and the US, the shares are cheap.

Traders became even more wary awaiting announcement today of Diploma's interim results. A sizeable line of stock was offered on Monday and another large seller appeared yesterday, leading marketmakers to cut their book positions. The bearish view of a leading broking house concerning prospects for companies operating within Diploma's area made matters worse and the shares dropped 17 further to 227p. Analysts are looking for Diploma to report first-half profits of around £10m.

Antler, the luggage manufacturer and distributor, soared 110 to 313p on the agreed share exchange terms or cash alternative from Wassall. The latters dipped 11 to 266p. William Sommerville responded to recommended terms from James River Corporation and closed 55 up at 725p.

British Aerospace, down 13 at 621p, encountered profit-taking along with Eurotunnel units which gave back 20 to 919p. Nu-Swift, on the other hand, rose 10 to 453p after good interim figures and forecast of another record-breaking year. Fresh talk of property injections raised Jacksons Bourne End 12 to 236p.

Saatchi & Saatchi made little response to the management shuffle within the communications and consulting divisions, closing at 301p. But United Newspapers came on offer after the chairman's cautious address to shareholders at the annual meeting yesterday and ended 7 down at 425p. P&O was one of few Alpha stocks to resist the downturn; moderate demand pushed the shares 5 higher to 693p.

R.E.A. Holdings continued to make headway on the sale of its large shareholding in Anglo-Eastern Plantations, gaining 11 to 206p.

Associated-Henriques reacted 7 late to 100p following the dividend statement.

Estate agents Hambro Countrywide fell 3 to 41p after Kleinwort Benson drastically lowered its earnings forecast for the coming year. Previously predicting a £13m profit, Mr Wayne Gerry of Kleinwort now believes Countrywide will suffer a £7.8m loss on the year because of the poor state — exacerbated by the almost total absence of first-time buyers — of the residential property market.

Property developers Imry Merchant fell 11 to 463p with the market concerned at how much the row over the development of the Shakespearean Rose theatre site in London will cost the company.

Out-of-town business parks specialist Arlington Securities sparkled for the second day running, adding another 8 at 217p. Buyers have moved into to the stock following Monday's survey by chartered surveyors Weatherall Green & Smith, which showed that business park rents have now reached the level of established city centre rents.

■ Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 24

NEW HIGHS AND LOWS FOR 1989

NEW HIGHS (217). BRITISH FUNDS (4) AMERICANS (34) CANADIANS (16) BANKS (1) Sec. Pacific, BUILDINGS (18) CHEMICALS (3) Hercules, MTM, Redland Envtl. Servs., STORES (7) ELECTRICALS (11) ASEA AB "A", Do. "B", Appl'd H'graphics, Ericsson (L.M.), Instec, Kewill Systems, Johnson Elec., Nth. Telecom & Pericom, Racal Telecom, Toshiba Corp., ENGINEERING (9) ASW Hldgs., Fairey Grp., Metalrax, Morris Ashby, 600 Grp., SKF AB, Saville Gordon, Vickers, Wheway, FOODS (8) Clifford "A" N-V, Dairy Farm Intl., Fitch-Fyffes, Geest, Greggs, Jacob (W.&R.), Kwik save, Tate & Lyle, HOTELS (1) INDUSTRIALS (27) Alexandra W'kwear, Antler, Baxdon Grp., BTR, Do. Wrrts., Brooks Services, Cathay-Pacific, Computer People, Dean & Bowes, Dover Corp., EIS, Eastern Prod., Hay (Norman), High-Point, Hunsleigh Tech., IMP Intl., Jackson Bourne, Jardine Hldgs., Jardine Strategic, Johnson Grp., Lilleshall, Nu-Swift, Parkfield Grp., RCO, Reuters, Securiguard Grp., Waterman Partnership, INSURANCE (5) LEISURE (13) MOTORS (2) Dowty, Quicks Grp., NEWSPAPERS (4) PAPERS (3) Clondalkin Grp., Colefax & Fowler, Lawson Mardon Grp., Ogilvy Grp., Scott Paper, PROPERTY (11) SHIPPING (1) TEXTILES (3) TRUSTS (26) OILS (8) OVERSEAS TRADERS (1) REA Hldgs., MINES (4) THIRD MARKET (4).

NEW LOWS (38). CANADIANS (2) BANKS (1) Hambros, BUILDINGS (5) STORES (3) Colorvision, Gabicci, Usher (Frank), ELECTRICALS (3) Cambridge Elec., Scholes Grp., INDUSTRIALS (5) AAF Invs., Black (P.) Hldgs., Brit. Bloodstock, Highgate & Job, Rauma-Repola, Rockware, LEISURE (1) MOTORS (1) Trinoco, PAPERS (1) PROPERTY (1) SOUTH AFRICANS (1) TRUSTS (1) MINES (3).

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing Price	Day's change
[illegible]	[illegible]	[illegible]	[illegible]
Royal Bk of Scotland	118	393	-1
Royal Insurance	1,300	428	+1
STC	1,300	339	-7
Saatchi & Saatchi	915	301	+1
Sainsbury	2,100	241	+1½
Scot & Newcastle	2,400	306	+4
Sears	1,900	120	
Shell Transport	3,100	398	-4
Siebe	160	491	+1
Slough Ests	235	327	-3
Smith & Nephew	5,000	139	+2
Smiths Industries	664	312	
Standard Chartered	653	543	-2
Storehouse	323	170	+1
Sun Alliance	149	1183	-1
T&N	362	215	-3
TSB	1,600	110½	-2
Tarmac	2,300	326	+1
Tate & Lyle	1,000	255	-2
Taylor Woodrow	78	438	-2
Tesco	2,600	173	+1
THORN EMI	227	712	-4
Trafalgar House	718	383	-4
Trusthouse Forte	1,900	388	-3
Ultramar	3,800	323	+5
Unilever	662	555	-4
United Biscuits	852	334	-1
Utd. Newspapers	478	425	-7
Wellcome	2,400	465	-2
Whitbread "A"	1,600	362	-4
Williams Hldgs.	806	273	-1
Wimpey	168	279	-1

APPOINTMENTS

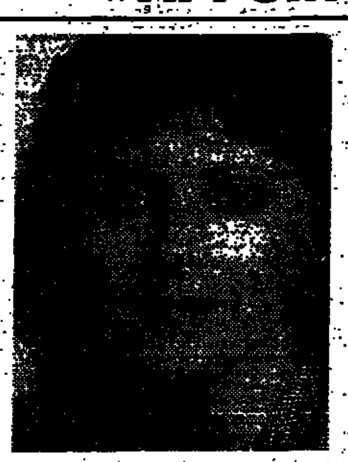
New chief at Barratt Construction

■ A new managing director has been appointed to head Scottish building contracting company, BARRATT CONSTRUCTION. Mr Roy Whitson, who joined the company's board in January, has succeeded Mr Bill Adamson who has retired after 10 years in charge of the company. Appointed to take charge of the company's west of Scotland operations from offices in Glasgow, Mr Whitson was formerly commercial director with Melville, Dundas & Whitson, part of the Lilley Group.

■ Mr John Newman has been appointed group company secretary and head of personnel at LIT HOLDINGS. He held a similar post with the Royal Trust Group.

■ Mr Ken Abraham has joined the board of ROYLE CITY with special responsibility for the development of the report and account business.

■ At the ROBERTSON GROUP Mr Lionel Cook is to retire as non-executive chairman at the annual meeting on August 24. He will remain on the board as a non-executive director. Mr Roy Bichan will succeed him as chairman in an executive capacity. Mr Brian Wolfenden will assume the role of group managing director responsible for all group activities other than the group's mining finance division which will continue under the chairmanship of Mr Barry Smale-Adams.



Miss Lesley Exley *(above)* has been appointed marketing director of the newly-created ALEXON GROUP's brands board responsible for Alexon, Dash and Eastex. Miss Exley joins the group from the retail division of the Wedgwood Group, where she has been working as a consultant.

■ Mr Max Hobbs has been made director, group marketing and support operations, at INSITUFORM GROUP. He was marketing manager at Thames Water Authority.

■ Mr Bill Todd, formerly chief executive of Burgess Holdings, has been appointed chief executive of PAL INTERNATIONAL to help the company prepare for a public listing.

■ MAYFLOWER TREASURY MANAGEMENT has appointed Ms Francesca Taylor an associate director and Mr Rikki Hassan an assistant director. Ms Taylor joins from Midland Montagu and Mr Hassan was a resident vice president at Citicorp.

■ NORMAN HAY (METAL FINISHERS) has appointed Mr Barry Ward as works director. He was works manager.

■ Mr John Hughes has joined the board of the HENDERSON ADMINISTRATION GROUP.

■ HOARE GOVETT SECURITIES has made the following board appointments. Mr Geoff Houston and Mr Simon Clegg have been appointed directors with specific responsibility for institutional client co-ordination.

■ CENTRAL MOTOR AUCTIONS has created a wholly-owned subsidiary, Central Motor Auctions (Operations), which will be wholly responsible for the activities of the nine auction centres in Britain. Mr Alan Agate and Mr John Hutchinson have been appointed to the subsidiary board as operations directors with Ms Brenda Cater as sales director. Other directors are Mr Eric Myers, chairman, Mr Brian Carter and Mr Steve Kendall, joint managing directors, who are also on the board of the parent company.

■ Mr Paul Hampton, who joined COUNT HOUSE COMPUTERS in late 1986, has been made a director.

■ PIONEER CONCRETE (HOLDINGS) has appointed Mr R.N. Hambro and Sir Jack Stewart-Clark to the board. Mr Hambro is chief executive of J.O. Hambro & Co. Sir Jack is a member of the European Parliament, where he represents East Sussex.

Sir Clifford Chetwood *(above)*, chairman and chief executive of George Wimpey, has been elected president of the BUILDING EMPLOYERS CONFEDERATION. Mr Peter Rainbird has been appointed to the newly-created post of chairman.

FT UNIT TRUST INFORMATION SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

AUTHORISED UNIT TRUSTS

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Abbey Unit Tst Mngrs (1000)H						
80 Holdenhurst Rd, Bournemouth 0345 717373						
High Income						
American Income	6	51.31	51.95	55.26	-0.02	4.96
Gilts & Fixed Int	6	112.0	112.2	119.2	-0.1	8.39
High Inc Equity	6	132.8	135.8	144.4	-0.3	4.40
Worldwide Bond	6	190.0	190.0	201.4	+0.2	4.82
Capital Growth						
American Growth	6	177.0	179.1	190.5	+1.3	1.30
Asian Pacific	6	101.8	105.70	112.4	+2.7	0.62
Assets & Earnings	6	160.4	160.4	171.6	+0.2	1.32
Capital Reserve Acc	0	84.85	84.85	85.03	-0.19	4.70
Comdty & Energy	6	98.36	98.36	105.2	-0.1	1.00
1992 Enterprise	6	57.23	58.28	61.99	+0.11	2.90
European Capital	6	81.81	81.81	87.50	-0.54	0.86
General	6	176.7	176.7	189.0	-0.8	2.38
Japan	6	108.9	110.8	117.8	+0.6	0.00
Mastertrust	6	84.50	84.55	90.38	-0.27	1.58
UK Growth Acc	6	202.7	202.7	216.8	+0.8	1.04
UK Growth Dist	6	135.1	135.1	144.5	+0.2	1.56
US Emerging Cos	6	52.00	53.67	57.09	-0.33	0.00
Income & Growth	6	291.8	291.8	312.1	-1.0	3.28
Ethical	6	49.12	50.29	53.49	-0.03	2.34
Abtrust Management Ltd (1000)H						
10 Queens Terrace Aberdeen AB9 1QJ 0800 833580						
Amer Inc & Growth	5	29.31	29.31xd	31.29	-0.07	3.70
European	5¼	59.61	59.76	63.80	-0.13	0.00
European Income	5¼	59.60	59.60xd	63.62	-0.01	3.41
Exempt	1	806.2	806.2	841.5	+2.0	2.34
Extra Income	5	43.32	43.32	46.24	-0.12	5.02
f Cap Emerg Ecos	5¼	42.80	42.99	46.04	-0.29	0.99
Fund Inv Tst	5	122.6	122.6xd	130.9	-0.30	2.58
Do Accum	5	191.0	191.0	203.9	-0.40	2.59

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
CCL Unit Trusts Ltd (1400)F						
74 Shepherds Bush Green, W12 8SD 01-740 7070						
UK General Tst	5½	54.42	56.32	59.17	-0.42	2.70
Global Tst	5½	42.78	43.1	46.1	-0.08	2.30
Recovery Tst	5½	54.20	56.46	60.06	-0.20	1.92
CIBC Unit Tst Managers plc (1200)H						
Cottons Ctr, Cottons Lane, Ldn SE1 2QL 01-234 6000						
Growth Fd Acc	5	107.3	108.7xd	114.7	-0.1	3.28
CS Fund Managers Limited (1000)H						
125 High Holborn, London WC1V 6PY 01-242 1148						
CS America	5	57.34	57.33	61.00	-0.32	0.54
CS International	5	54.83	54.83xd	58.32	-0.05	1.85
CS Japan	5	122.4	122.4	130.2	+0.5	0.33
CS Portfolio Inv ♦	5	71.10	71.10xd	75.63	-0.33	1.67
Canada Life Unit Tst Mgrs Ltd (1200)F						
2-6 High St, Potters Bar, Herts 0707 51122						
Can Gen Dist	5	139.9	145.0	152.6	-0.30	3.03
Do Gen Accum	5	233.4	241.9	254.6	-0.50	3.03
Do Income Dist	5	94.62	98.39xd	103.6	-0.10	5.44
Do Inc Accum	5	216.8	225.4	237.3	-0.40	5.44
Gilt & Fxd Int	5	36.60	36.68	38.61	-0.11	8.31
Cannon Fund Managers Ltd (0700)H						
1 Olympic Way, Wembley, HA9 0NB						
01-902 8876. Dealing 0800 282621						
Growth	5½	38.42	38.58	41.26	-0.02	2.47
Income	5½	48.10	48.47	51.84	-0.02	3.99
Far East ♦	5½	36.99	37.64xd	40.04	-0.25	0.05
North American ♦	5½	33.19	33.39xd	35.71	-0.01	2.00
Global ♦	5½	52.25	53.18	56.57	-0.19	1.73
European	5½	49.56	50.01	53.49	-0.02	1.01
Japan ♦	5½	102.8	104.0	111.2	+2.50	0.01
Intl Currency Bd	5½	42.09	42.09xd	44.62	-0.00	6.72
Strategic Opps	5½	54.41	55.60xd	59.47	-0.08	1.25
Capability Trust Mngrs Ltd (1200)F						
Admin, 5 Rayleigh Road, Hutton Brentwood, Essex						
Enquiries 0277 227300 Dealing 0277 261010						
American & Gen	5	73.08	73.79	78.50	-0.15	1.55
(Accum Units)	5	76.30	77.04	81.96	-0.15	1.55
European Inc	5	51.38	51.67	54.97	-0.01	0.71

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Midland Unit Trusts Ltd (1200)F						
192 Eyre Street, Sheffield, S1 3RD 0742 529888						
British Tst	6	56.38	56.73	60.67	-0.18	2.31
(Accum Units)	6	57.30	57.65	61.66	-0.18	2.31
Capital	6	120.4	120.4	128.8	----	1.93
(Accum Units)	6	172.4	172.5	184.5	----	1.93
European Growth	6	117.2	117.2xd	124.8	-0.2	0.39
(Accum Units)	6	144.3	144.3	153.7	+0.3	0.39
Extra High Inc	6	71.35	72.41xd	77.44	-0.07	6.32
(Accum Units)	6	96.33	97.71	104.5	-0.1	6.32
Gilt & Fxd Int	4	51.81	51.83	54.13	-0.14	8.60
(Accum Units)	4	101.4	101.4	105.9	-0.2	8.60
High Yield	6	206.4	209.2xd	223.7	-0.5	4.90
(Accum Units)	6	397.8	403.2	431.2	-0.9	4.90
Income	6	241.7	244.4	261.4	-0.6	3.47
(Accum Units)	6	429.7	434.7	464.9	-1.0	3.47
Intl High St UT	6	54.72	54.72xd	58.52	+0.02	1.62
(Accum Units)	6	56.40	56.41	60.33	+0.03	1.62
Japan Growth	6	379.9	379.9	406.6	+3.7	0.00
(Accum Units)	6	399.3	399.3	427.3	+3.8	0.00
Mandarin Tst	6	58.81	58.83xd	62.92	----	0.74
(Accum Units)	6	59.29	59.32	63.44	----	0.74
Mngd P'folio Acc	6	69.01	69.66	74.50	+0.09	1.65
Money Market UT	4	48.87	48.97xd	50.82	+0.01	10.85
North American	6	116.0	116.0xd	124.1	-0.5	0.42
(Accum Units)	6	143.2	143.2	153.2	----	0.42
Smaller Cos	6	182.9	183.0	195.7	+0.3	1.31
(Accum Units)	6	202.8	202.9	217.0	+0.4	1.31
Meridian Income	6	108.2	109.1	116.7	-0.1	3.68
(Accum Units)	6	111.0	111.8	119.6	-0.1	3.68
Meridian Growth	6	116.9	117.6	125.8	----	1.50
Midland Personal Pension Unit Trust*						
British	6	56.92	57.58	61.25	-0.18	2.31
European Growth	6	53.49	53.56	56.98	+0.12	0.39
Gilt & Fixed	6	49.65	49.69	52.86	-0.14	8.58
Income	6	53.99	54.88	58.38	-0.13	3.52

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Charities Ind Ltd		99.57	99.57	99.78	----	2.3
UK Exempt		103.2	103.2	104.9	----	3.8
Charities Intl		98.94	98.94	99.9	----	2.9
Prolific Unit Tst Mngrs Ltd (1200)H						
222 Bishopsgate, London EC2 01-247 7544/7						
American Income	5	60.87	62.01	66.04	+0.81	3.91
Conv & Gilt	5	124.5	124.5xd	132.8	-0.2	6.08
Euro Gwth & Inc	5	47.08	47.99	51.33	+0.05	1.95
Extra Income	5	138.8	140.1	149.4	-0.3	4.57
Far East	5	263.0	265.8	282.8	-0.9	0.01
High Income	5	89.61	89.95xd	96.52	-0.41	4.22
International	5	140.4	148.5xd	154.7	+0.1	0.69
Nth American	5	142.5	145.4xd	155.6	+0.1	0.01
Pref & Fxd Int	5	47.09	47.09xd	50.09	-0.01	8.09
Special Sits	5	109.2	109.2	116.8	(z)	0.59
Technology	5	135.4	139.4	148.8	-0.4	0.57
Providence Capital Fd Mgrs Ltd (1000)H						
30 Uxbridge Road, London W12 8PG 01-749 9111						
Worldwide Inc	5	94.70	94.70	101.10	+0.2	0.70
Worldwide Acc	5	98.67	98.67	105.40	+0.3	0.70
UK Equity Inc	5	76.69	76.69	82.63	-0.21	3.31
UK Equity Acc	5	83.27	83.27	89.73	-0.22	3.31
European Inc	5	104.40	104.40xd	111.70	+0.3	0.53
European Acc	5	108.10	108.10xd	115.70	+0.3	0.53
Nth American Inc	5	61.09	61.09	64.94	+0.31	0.89
Nth American Acc	5	63.35	63.35	67.34	+0.32	0.89
Japan Inc	5	113.50	113.50xd	121.40	+1.5	0.00
Japan Acc	5	113.70	113.70xd	121.70	+1.6	0.00
UK High Inc Eq Inc	5	71.67	71.67	77.45	-0.09	5.82
UK High Inc Eq Acc	5	79.61	79.61	86.03	-0.1	5.82
Hong Kong Inc	5	55.30	55.30	58.98	-0.7	1.98
Hong Kong Acc	5	57.23	57.23	61.03	-0.72	1.98
Swiss Equities Inc	5	32.36	32.36xd	34.75	+0.35	1.50
Swiss Equities Acc	5	32.64	32.64xd	35.05	+0.35	1.50
W'wide Bond Inc	5	50.89	50.89	53.75	-0.03	6.01
W'wide Bond Acc	5	52.55	52.55	55.50	-0.02	6.01
Emerging Asia Inc	5	76.16	76.16	81.65	+0.4	0.00
Emerging Asia Acc	5	76.16	76.16	81.56	+0.4	0.00

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Provident Mutual Unit Tst Mgrs Ltd (0905)H						
25-31 Moorgate, London, EC2R 6BA. 01-588 3963						
PM Equity Gth	5	123.0	125.1	133.0	+0.3	2.59
PM Income & Gth	5	105.8	107.6	114.4	-0.3	4.58
PM Nth Amer Gth	5	53.00	53.00xd	56.38	-0.92	1.34
PM European Gth	5	50.93	50.93xd	54.18	-0.06	0.82
PM Japan Gth	5	79.60	79.76xd	84.85	+0.17	0.29
PM Overseas Gth	5	52.34	52.34xd	55.68	-0.17	0.47
Prudential-Holborn Unit Tsts Ltd (1445)H						
51-69 Ilford Hill, Ilford, Essex IG1 2DL 01-478 3377						
Holborn LinkLine 0800 010345						
Two Hourly Pricing						
Holborn Comm	6	73.91	73.91	79.04	-0.11	0.37

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Smith & Williamson Unit Tst Mgrs (1000)F						
1 Riding House St, London W1A 3AS. 01-637 5377						
	5	157.9	159.8	169.0	+1.3	1.56
S & W American	5	102.8	103.8	109.8	+1.1	0.00
S & W Far Eastern	5	96.92	98.45	104.1	+1.3	1.59
S & W Growth	5	98.72	101.1	106.9	+0.5	4.96
S & W Income	5	262.0	270.2xd	285.9	+1.4	1.22
S & W Smlr Secs	5					
Sovereign Unit Tst Mngrs Ltd (1000)F						
12 Christchurch Rd, Bournemouth 0202 298422						
	5½	50.12	50.82	54.11	-0.04	9.03
Cntrld Priforate	5½	44.99	45.64xd	48.81	-0.11	7.03
Income	5½	56.09	56.40xd	60.32	-0.25	2.99
Intl Growth	5½	52.12	52.40xd	56.04	-0.08	1.75
Managed	5½	47.75	48.35xd	51.71	-0.13	4.74

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ♥ - 0001 to 1100 hours; ♣ - 1101 to 1400 hours; ♦ - 1401 to 1700 hours; ♠ - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.

Other explanatory notes contained in last column of the FT Unit Trust Information pages.

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	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Windsor Trust Mngrs Ltd (1200)F						
83 Kingsway, London, WC2B 6SD 01-405 8331						
Conv'Gil & Equity	5	63.04	65.80	70.08	+0.02	6.86
European	5	63.46	63.77	67.65	+0.09	0.09
Far Eastern	5	62.47	62.52	66.51	-0.21	0.76
Growth Inc	5	93.19	93.48	99.39	-0.15	1.57
Growth Acc	5	90.39	93.48	99.39	-0.15	1.57
Income Inc	5	83.18	85.03	90.45	-0.16	3.50
Income Acc	5	83.18	85.03	90.45	-0.16	3.50
Property Share	5	55.60	55.60	59.25	-0.05	1.00
Smaller Co's	5	58.95	62.20	66.17	+0.03	1.45
Formerly RBC Trust Managers Ltd						
Nth American	5	58.67	58.67	62.75	+0.54	1.71
International	5	46.03	46.03	49.22	+0.25	1.46
Wright Seligman Fund Mngrs Ltd (1000)H						
11 Blomfield St, London EC2M 7AY 01-588 0592						
Growth	5	103.33	103.33	108.53	+3.75	3.92
Weekly dealing day Tuesday						
The Yorkshire Unit Tst Mngrs Ltd (1100)F						
Woodsome Pk, Fenay Bridge, Huddersfield 0484 602290						
Yorkshire General	5¼	63.88	66.30	70.53	+0.01	2.74
YUTM UK Eqty Inc Tst	5¼	60.77	62.89	66.90	+0.10	4.57
YUTM Intl Gwth Tst	5¼	49.48	49.48	52.37	+0.65	1.04

OTHER UK UNIT TRUSTS

Baillie Gifford & Co Ltd					
Int'l Expt April 19	451.9	470.5			
Cent. Bd. of Fin. of Church of England					
2 Fore Street, London EC2Y 5AQ 01-588 1815					
Inv Fund Apr 30		507.48			4.67
Fxd Int Sec Apr 30		141.15			10.13
Deposit Apr 30		100.00			12.45
Charities Official Invest. Fund					
2 Fore Street, London EC2Y 5AQ 01-588 1815					
Income Apr 30		480.64			4.97
Accum Apr 30		1579.44			
Edinburgh Fund Mngrs PLC					

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INSURANCES

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	Bid Price	Offer Price	+ or -	Yield Gross
Allied Dunbar Assurance Plc				
Allied Dunbar Ctr, Swindon SN1 1EL 0793 514514				
Frontier Dep Acc	259.3	273.0	+0.1	-
Equity Acc	847.6	892.3	+0.9	-
Property Acc	489.2	515.0		-
Far East Acc	207.8	218.8	+2.8	-
European Acc	21.7	22.9	+0.1	-
Managed Acc	668.0	703.2	+3.4	-
Managed Cap	379.7	399.7	+2.2	-
O'seas Earnings Acc	564.2	593.9	+2.5	-
Gilt Edged Acc	313.8	330.4	-0.5	-
American Equity Acc	443.3	466.7	+2.0	-
American Man Acc	205.7	216.6	+0.8	-
American Prop Acc	143.3	150.9	-0.1	-
Pen. F.I. Dep. Cap.	285.6	300.7		-
Pen. F.I. Dep. Acc.	488.0	513.7	+0.1	-
Pen. Prop. Cap.	572.2	602.4		-
Pen. Prop. Acc.	1079.5	1136.4	+0.1	-
Pen. Man. Cap.	819.5	862.5	-0.6	-
Pen. Man. Acc.	1545.0	1626.4	-1.0	-
Pen. Gilt Edg. Cap.	316.2	332.9	-0.4	-
Pen. Gilt Edg. Acc.	487.3	513.0	-0.5	-
Pen. Eq. Cap.	1336.5	1407.4	-1.2	-
Pen. Eq. Acc.	1924.6	2025.9	-1.4	-
Pen. Am. Eq Cap.	145.6	153.3	+1.2	-
Pen. Am. Eq Acc.	175.3	184.6	+1.4	-
Pen. Far East Cap.	248.4	261.5	+2.0	-
Pen. Far East Acc.	299.2	315.0	+1.2	-
Pen. Euro Cap.	24.6	25.9		-
Pen. Euro. Acc.	26.6	28.1		-
Pen. B.S. Acc.	534.0	560.8	+0.2	-
Pen. B.S. Cap.	321.4	337.5	+0.1	-
Pen. D.A.F. Acc.	974.3	374.3	+0.1	-
Pen. D.A.F. Cap.	252.8	242.8		-
Pen. Mortgage Cap.	143.9	151.5		-
Pen. Mortgage Acc.	173.3	182.5	+0.1	-
Baring Funds				
Pen Equ Cap	28.3	29.8		-
Pen Equ Acc	29.3	30.9		-
Pen Am Eq Cap	31.3	32.8	+0.1	-
Pen Am Eq Acc	32.3	34.1	+0.1	-
Pen Far East Cap	31.0	32.7	+0.1	-
Pen Far East Acc	32.2	33.9		-

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City of Edinburgh Life Assurance

[illegible]

City of Westminster Assurance

[illegible]

Clerical Medical/Fidelity International

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Continued on next page

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Premium Life Assurance Co Ltd
37-39, Perrymount Road Haywards Heath 0444 458721

	Bid Price	Offer Price	+ or -	Yield Gross
American	123.0	130.0	-1.0	-
Building Soc. Fd.	170.0	179.0	...	-
Balanced	283.0	298.0		-
European	162.0	171.0		-
GT Managed	172.0	182.0		-
Gartmore Mngd	115.0	122.0		-
German	112.0	118.0		-
Gilt	183.0	193.0		-
Global	48.0	51.0		-
High Inc	119.0	126.0		-
International Equity	189.0	199.0		-
Japan	249.0	263.0		-
Managed	64.0	68.0		-
Property	279.0	294.0		-
R W Imperial Gold	142.0	150.0		-
UK Equity	382.0	403.0		-
Pension Funds				
American	145.0	153.0		-
Building Soc. Fd	172.0	179.0		-
Balanced	217.0	229.0		-
European	159.0	168.0		-
German	102.0	108.0		-
Gilt	152.0	160.0		-
International Equity	139.0	147.0		-
Japan	138.0	146.0		-
Managed	64.0	68.0	-1.0	-
Property	215.0	227.0		-
UK Equity	342.0	360.0	-1.0	-

Prolific Life & Pensions Ltd
Stramongate, Kendall, Cumbria LA9 4BE 0539 33733

Managed Fund see Balanced Growth Managed Fund

	Bid Price	Offer Price	+ or -	Yield Gross
Balanced Grth Mngd	590.3	622.6	-0.4	-
Adventurous Mngd	125.5	132.3	-0.1	-
Secure Mngd	107.3	113.1	-0.2	-
Cash Fd	231.7	244.2		-
Property Fund	284.8	303.0		-
Equity Fund	658.3	700.4	-0.6	-
Fxd Int Fund	293.4	312.2	+0.1	-

Prudential Pensions Limited
Holborn Bars, London EC1N 2NH 01-405 9222

	Bid Price	Offer Price	+ or -	Yield Gross
Discretionary May 3	£152.21	157.48		-
Equity May 3	£166.89	172.95		-
International May 3	£25.14	25.88		-
Intl Bond May 3	£11.71	11.86		-
Fixed Int May 3	£72.15	73.12		-
Index Linked May 3	£60.62	61.38		-
Property May 3	£107.52	113.98		-
Cash May 3	£20.6364	20.6364		-
Pru-Linked Retirement Plan				
Managed May 9	378.1	393.9		-
Cash May 9	194.1	202.2		-
Prudential Pensions Investment Account				
Pens Mngd May 16	156.1	164.4	+1.6	-
Pens UK Eq May 16	305.9	322.1	+4.1	-
Pens Intl May 16	181.7	191.3		-
Pens Fixed May 16	165.8	174.6	+0.5	-
Pens Index Lk May 16	155.3	163.5	+0.3	-
Pens Cash May 16	126.8	133.5		-

Regency Life Assurance Co Ltd
Regency Hse, Lanark Sq, London E14 9XS 01-538 8800

	Bid Price	Offer Price	+ or -	Yield Gross
Aggressive Ptflio Fd	119.0	125.2	-0.3	-
Balanced Ptflio Fd	312.8	329.2	-0.8	-
Cautious Ptflio Fd	121.7	128.0	-0.2	-
Elite Fund	108.8	114.5	-0.2	-
European Fund	80.8	85.0	+0.2	-
Far East Fund	111.5	117.3		-
Fixed Interest Fund	242.2	254.9	-0.7	-
International Fund	259.1	272.7	+0.1	-
Money Fund	175.5	184.7		-
N American Fd	118.7	124.9	+0.9	-
Property Fund	421.5	443.6	-1.0	-
UK Equity Fd	384.8	405.0	-1.4	-
A.I.M. Brenna Dlshn Fd	94.0	98.9	-0.1	-
Swim Select Ims	110.7	116.5	+0.1	-
Chart Safety First Bd	109.1	114.8		-
Exec Master Fd	94.5	99.5	+1.1	-
Hardwick Growth Fd	109.2	114.9	-0.1	-

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

GUERNSEY (SIB RECOGNISED)

Rothschild Asset Management—Contd.

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
OCCFL £		£19.65	10.052			11.57
OCCFL A$			15.105			15.0
OCCFL C$		C$20.1	20.1			10.53

Bamford Brandt Guernsey Mngt. Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Tech and Comms	£10.05	10.68		-
Pacific Basin Fd.	$92.82	98.98		-
Western European	$16.95	18.16		-

The Bangkok Fund
Merrill Lynch Intl Capital Mngmt (Gsy) Ltd

Baring Fund Managers (Guernsey) Ltd

JERSEY (SIB RECOGNISED)

IoM (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

JERSEY (**)

SWITZERLAND (SIB RECOGNISED)

GUERNSEY (**)

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

1989 High	1989 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
		"Shorts" (Lives up to Five Years)				
99	99	Treas 10½pc 1989	99xd	.....	10.51	12.24
99	98	Exch 10pc 1989	99	.....	10.05	12.31
99	99	Exch 11pc 1989	99	+	11.06	12.20
98	95	Treas 5pc 1986-89	98	.....	5.11	10.07
99	99	Exch 10¼pcCv '89	99	.....	10.30	11.09
101	100	Treas 13pc 1990‡‡	100	-	12.93	12.03
99	98	Exch 11pc 1990‡‡	99	-	11.08	11.94
101	99	Exch. 12½pc 1990	100	-	12.46	12.01
94	91	Treas. 3pc 1990	94xd	+	3.19	9.52
96	95	Treas 8¼pc 1987-90‡‡	96xd	.....	8.53	11.56
98	95	Treas. 8pc Cv 1990 ‡‡	96½	-	8.29	11.33
98	97	Treas. 10pcCv 1990	97	-	10.23	11.75
91	87	Exch 2½pc 1990	90xd	-	2.75	9.11
101	99	Treas 11¼pc 1991	100¼	-	11.72	11.56
92	89	Funding 5¾pc '87-91‡‡	92	.....	6.25	10.49
89	86	Treas. 3pc 1991	89	+	3.36	8.99
100	96	Treas 10pc Cv '91 ‡‡	97	-	10.26	11.34
101	98	Exch. 11pc 1991	99	-	11.09	11.36
94	91	Treas. 8pc 1991	92xd	-	8.62	11.32
106	102	Treas 12¾pc 1992‡‡	103	-	12.27	11.01
99½	96½	Treas 10pc 1992	97	-	10.26	11.06
94	91½	Treas. 8pc 1992 ‡‡	92	-½	8.65	11.05
100	97	Treas 10½pc Cv 1992‡‡	98	-	10.65	11.04
85	82¼	Treas. 3pc 1992	84½xd	-	3.55	8.90
105	102	Exch. 12¼pc '92	103	-	11.86	11.03
109	105	Exch 13½pc 1992	106	-	12.63	10.95
94	90	Treas 8¼pc 1993	92	-	8.94	10.80
100	96	Treas 10pc 1993‡‡	97	-	10.22	10.66
108¼	104	Treas 12½pc 1993‡‡	105	-	11.82	10.75
87¾	84¼	Funding 6pc 1993‡‡	86	-	6.97	10.01
113¾	109	Treas 13¾pc 1993‡‡	110xd	-	12.43	10.70
94	90	Treas. 8½pc 1994	92	-	9.24	10.68
117	113	Treas 14½pc 1994‡‡	114	-	12.64	10.50
113	109	Exch 13½pc 1994	110	-	12.23	10.72
		Five to Fifteen Years				
100¾	96	Treas. 10pc Ln. 1994‡‡	97xd	-	10.20	10.52
110¼	106	Exch. 12½pc 1994	107	-	11.68	10.70
96	92	Treas 9pc 1994‡‡	93	-½	9.59	10.49
108	104	Treas 12pc 1995	105	-	11.37	10.67
79¾	74½	Exch 3pc Gas 90-95	76	-	3.95	8.15
101	97½	Exch. 10¼pc 1995	98	-	10.40	10.56
113	109	Treas 12¾pc 1995‡‡	110	-	11.57	10.54
119	114	Treas. 14pc '96	115	-	12.11	10.66
97½	93	Treas. 9pc 1992-96‡‡	94	-	9.54	10.16
126	121	Treas 15¼pc 1996‡‡	122½	-	12.45	10.58
117	112	Exch 13¼pc 1996‡‡	113	-	11.71	10.54
101	96	Conversion 10pc 1996	97	-	10.22	10.40
118	113	Treas 13¼pc 1997‡‡	114	-	11.60	10.49
104	99	Exch 10½pc 1997	100	-	10.46	10.42
95	90	Treas 8¾pc 1997‡‡	91	-	9.52	10.21
128	122	Exch 15pc 1997	124	-	12.09	10.60
100	95	Exch. 9¾pc 1998	96	-	10.06	10.28
84	80½	Treas 6¾pc 1995-98‡‡	81	-	8.26	9.86
134	128	Treas. 15½pc '98‡‡	129	-	11.94	10.42
113	108	Exch. 12pc 1998	109xd	-	10.94	10.37
100	95	Treas 9½pc 1999‡‡	96	-	9.81	10.01
115	110	Exch. 12¼pc 1999	111	-	10.99	10.35
105	100	Treas. 10½pc 1999	101xd	-	10.35	10.25
104	98	Conversion 10¼pc 1999	100xd	-	10.24	10.23
94	89	Treas. 8½pc Ln 2000‡‡	90½	-	9.39	9.94
97	92	Conversion 9pc 2000‡‡	93	-	9.62	9.98
122	116	Treas. 13pc 2000	117	-	11.08	10.34
103	98	Treas 10pc 2001	99	-	10.03	10.04
124	118	Treas. 14pc '98-01	119xd	-	11.69	10.53
102	97	Conversion 9¾pc 2001	98	-	9.92	10.00
113	108	Exch. 12pc '99-02	109	-	10.94	10.38
104	99	Conversion 10pc 2002	100	-	9.94	9.91
102	97	Treas 9¾pc 2002	99	-	9.86	9.89
97	92	Exch. 9pc 2002	93xd	-	9.59	9.82
126	120	Treas. 13¾pc 2000-03	122	-	11.27	10.37
105	100	Treas 10pc 2003	101	-	9.84	9.78
113	107	Treas. 11½pc 2001-04	108	-	10.55	10.17

BRITISH FUNDS—Contd

1989 High	1989 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
		Over Fifteen Years				
106	101	Treas. 10pc 2004	102xd	-	9.77	9.70
59	57	Funding 3½pc '99-04	57	.....	6.07	8.52
102	97	Conversion 9½pc 2004	99	-	9.60	9.62
103	98	Conversion 9½pc 2005	99	-	9.57	9.59
111	106	Exch 10½pc 2005	107	-	9.77	9.58
125	119	Treas. 12½pc 2003-05	120½xd	-	10.37	9.81
90	86	Treas. 8pc 2002-06‡‡	87	-	9.17	9.50
105	101	Conversion 9¾pc 2006	101	-	9.57	9.51
118	113	Treas. 11¾pc 2003-07	114	-	10.27	9.81
96	91½	Treas 8½pc 2007 ‡‡	92	-	9.19	9.36
134	127	Treas. 13½pc '04-08	129	-	10.45	9.74
101	96	Treas. 9pc 2008 ‡‡	97	-	9.25	9.30
92	87	Treas 8pc 2009	88	-	9.01	9.23
102	97	Conv 9pc Ln 2011 ‡‡	98	-	9.17	9.20
68	65	Treas. 5½pc 2008-12‡‡	66	+	8.34	9.01
89	85	Treas. 7¾pc 2012-15‡‡	86	.....	8.97	9.13
132	126	Exch. 12pc '13-'17	127xd	-	9.44	9.19
		Undated				
45	42	Consols 4pc	43	.....	9.13	-
40	38	War Loan 3½pc‡‡	38xd	.....	9.00	-
70	60	Conv. 3½pc '61 Aft.	66	.....	5.27	-
41	31	Treas. 3pc '66 Aft.	36	.....	8.33	-
30	26	Consols 2½pc	27	.....	9.01	-
29½	26	Treas. 2½pc	27½	.....	9.09	-
		Index-Linked (b)			(1)	(2)
129	124	Treas 2pc IL '90(84.6)	129	.....	-	2.13
107	103	Do. 2pc '92‡‡(97.8)	107	+	2.62	3.50
99	94	Do. 2 '94 (102.9)	99	+	2.97	3.47
146	139	Do. 2pc '96(67.9)	146	+	3.11	3.46
124	118	Do 2½pc '01(78.3)	124	.....	3.37	3.61
122	115	Do. 2½pc '03(78.8)	121xd	.....	3.42	3.63
125	117	Do. 2pc '06(69.5)	124	.....	3.46	3.63
117	110	Do. 2½pc '09(78.8)	116xd	.....	3.47	3.62
123	114	Do. 2½pc '11(74.6)	121	.....	3.47	3.62
102	95	Do. 2½pc '13(89.2)	101	.....	3.45	3.58
110	101	Do. 2½pc '16(81.6)	109½	.....	3.42	3.55
108	100	Do. 2½pc '20(83.0)	107	.....	3.38	3.50
91	84	Do. 2½pc '24‡‡(97.7)	90	.....	3.35	3.46

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for August 1988: 107.9 and for March 1989: 112.3.

INT. BANK AND O'SEAS

1989 High	1989 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
108	102	African Dv Bk 11¼Ln 2010	103	-½	10.74	10.69
104	99	Asian Dev Bk 10¼pcLn2009	100xd	-½	10.22	10.21
130	123	Australia 13½pc 2010	124xd	-	10.88	10.62
113	106	Do. 11¾pcLn2015	107xd	-	10.57	10.51
108	102	Euro Inv Bk 11pc Ln 2002	103	-	10.61	10.47
104	98	Do. 10¼pc2004	99	-	10.38	10.38
119	112	Int-Am Dev Bk 12½pc 2003	113	-	11.04	10.63
99	93	Do. 9¾pcLn 2015	94	-½	10.30	10.34
97½	94½	Mlysia 10¾pcLn 2009	94½xd	.....	11.38	11.45
120	118	Utd. Mexican States 16½pc 2008	118	.....	13.98	13.80

CORPORATION LOANS

1989 High	1989 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
102	100	Birmingham 13½pc 1989	101½xd	.....	13.30	11.20
111½	102½	Do. 11½pc 2012	106½xd	.....	10.80	10.70
91	87½	GLC 6¾pc 1990-92	87½xd	.....	7.71	11.70
124½	114½	Leeds 13½pc 2006	121½xd	.....	11.11	10.72
33	30	Liverpool 3½pc Irred	31xd	.....	11.29	-
94½	92	LCC 6¾pc '88-90	93½xd	.....	7.22	12.90
30	28	Do. 3pc '20 Aft.	30xd	.....	10.00	-
107½	104½	Manchester 11½pc 2007	106½xd	.....	10.80	10.70

COMMONWEALTH & AFRICAN LOANS

1989 High	1989 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
89½	86½	NZ 7¼pc 1988-92	88	.....	8.24	11.90
206	206	S Rhod 2½pc Non-Asstd.	206	.....	-	-
84½	84½	Do. 4½pc 87-92 Asstd.	84½xd	.....	5.33	9.33

LOANS

Building Societies

1989 High	1989 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
99	98	N'wide Anglia 8pc 30.5.89	99	.....	8.96	13.23
99	98	Do. 9pc 26.6.89	99	.....	9.86	12.95
99	98	Do. 10pc 17.7.89	99	.....	10.74	13.08
99	98	Do. 11pc 7.8.89	99	.....	11.12	13.13
99½	98	Do. 11pc 29.8.89	99½	.....	11.62	13.12
99	99	Do. 12pc 18.9.89	99	.....	12.43	13.16
99	99	Do. 12pc 2.10.89	99	.....	12.37	13.15
99	98	Do. 11pc 6.11.89	99xd	.....	11.89	13.16
100	99	Do. 12pc 4.12.89	99	.....	12.37	13.19
100	99	Do. 12pc 2.1.90	99	.....	12.65	13.20
100	99	Do. 12pc 29.1.90	99½	.....	12.63	13.17
100	99	Do. 12pc 26.2.90	99	.....	12.74	13.15
102¼	99¼	Do. 3¾pcIL Ln 2021	100xd	.....	4.38	4.45

Public Board and Ind.

1989 High	1989 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
99	95	Agric. Mt. 5pc '59-89	99	.....	5.05	-
47	45	Met. Wtr. 3pc 'B'	46xd	.....	6.52	10.41

FOREIGN BONDS & RAILS

1989 High	1989 Low	Stock	Price £	+ or -	Div % Gross	Red. Yield
45	40	Greek 7pc Ass.	40	.....	3.50	†8.75
45	40	Do 6pc 28 Stb Ass	40xd	.....	3	†7.50
45	40	Do 4pc Mixed Ass.	40xd	.....	2	†5.00
80	65	Hung '24 Ass	88	.....	2.75	†3.57
139	132½	Hydro Quebec 15pc 2011	133	-	15.00	10.96
128	122	Iceland 14½pc Ln 2016	123½xd	-	14.50	11.62
97	94½	Ireland 9¾pc '91-96	94½xd	.....	9.75	10.85

AMERICANS

1989 High	1989 Low	Stock	Price £	+ or -	Div Gross	C'vr	Y'ld Gr's
36¼	26¼	Abbott Laboratories	36¼xd	+1	$1.20	-	1.9
537p	361p	Allegheny & W 1c	517p	-2	30c	-	3.4
15¾	12	Amax $1	15¾xd	+	40c	-	1.5

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OTHER OFFSHORE FUNDS

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1989 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
24¼	21⅝	Dana Corp. $1	24⅞	+⅛	$1.60	–	3.8
10⅞	854p	Data General	10⅜	+⅛	–	–	–
32¾	28⅛	Dun & Bradstreet $1	32½	+1½	$2.00	–	3.6
36¼	30½	Eaton Corpn 50c	36¼xd	+½	b$2.00	–	3.2
10⅞	8⅞	Echlin Inc	10⅞xd	+⅛	70c	–	3.8
19⅜	16⅞	FPL Group 1c	19⅜xd	+⅛	$2.20	–	6.7
32⅛	27⅝	Ford Motor $1	29⅞	+⅛	$3.00	–	6.0
36⅛	30⅞	GATX 62½c	36⅛	+⅛	$2.00	–	3.2
31⅛	24¼	Gen. Elect. 63c	31⅛xd	+½	$1.64	–	3.0
567p	484p	♥General Host Corp $1	525p	−9	28c	–	3.1
23⅞	18¼	Gillette $1	23⅞	....	96c	–	2.3
806p	616p	Gt Am First Svgs Bk $1	806p	+36	60c	–	4.3
20⅛	16⅞	Greyhound $1½	20⅛	+2⅛	$1.32	–	3.8
11½	847p	Hasbro Inc 50c	11¼	−⅛	16c	–	0.8
8½	6	Home Group $1	8⅛xd	−¼	20c	–	1.4
47⅞	32¾	Honeywell $1½	47⅞	+⅝	$2.10	–	2.6
18	15¼	Houston Inds ‖	18	+¼	$2.96	–	9.6
74⅝	63⅞	IBM Corpn $1¼	68½xd	+1⅛	$4.84	–	4.1
52p	45p	♥Image Storage/P Sys 1c	47p	+2	–	–	–
24⅞	18¼	Ingersoll-Rand $2	24⅞xd	+¼	$1.04	–	2.4
29⅝	22½	Lockheed Crpn $1	28⅝xd	+¼	$1.60	–	3.3
18⅞	15⅞	Lone Star Inds $1	17⅞xd	+⅛	$1.90	–	6.2
21¼	17⅛	Louisiana Land 15c	21xd	....	$1.00	–	2.8
15⅜	11⅛	Lowe's 50c	15⅜	+⅛	48c	–	1.8
21⅞	15⅞	Manuf. Hanover $1	20⅞	+¼	$3.28	–	9.3
18⅞	13⅞	Merrill Lynch $1	18⅞	+⅛	$1.00	–	3.2
2253p	1910p	Molex Inc	2082p	+28	3.2c	–	–
23⅛	18⅛	Morgan (JP) $2½	22¼xd	....	$1.66	–	4.3
45⅛	36⅛	NYNEX $1	45⅛	....	$4.04	–	5.2
22¼	18¼	PHH Corp ‖	22	−¼	$1.12	–	3.0
248p	220p	♥Pacific Agr.‖	248p	+5	–	–	–
23¼	19	Pacificorp $3¼	23¼	+⅛	$2.64	–	6.6
24⅜	16⅞	Pacific Telesis 10c	24⅜	....	$1.88	–	4.5
20	15½	Pall Corp 25c	20	+⅛	48c	–	1.4
50⅞	39⅞	Pennzoil 83 1/3c	50⅞xd	..	$3.00	–	3.4
23⅛	17⅞	Premark Intl	23⅛	+⅞	60c	–	1.5
35½	28⅛	Quaker Oats $5	35½xd	+⅛	$1.20	–	2.0
26¼	23½	Rep NY Corpn $5	26¼	−⅛	$1.28	–	2.8
13½	11⅞	Rockwell Intl. $1	13½xd	....	72c	–	3.1
30⅞	21⅝	Southwestern Bell $1	30⅞	+¼	$2.48	–	4.7
24	17⅞	Sun Co. Inc $1	24xd	....	$1.80	–	4.4
26¼	22⅞	TRW Inc 62½c	26¼xd	+⅛	$1.72	–	3.8
19½	14⅜	TW Services $5	19½	....	10c	–	0.3
33⅛	26⅛	Tenneco $5	33⅛	+⅞	$3.04	–	5.4
32⅞	28	Texaco $6.25	32⅞xd	+½	♦$3.00	–	5.3
25¼	21⅛	Texas Instr. $1	25¼xd	+⅛	72c	–	1.7
72⅞	58⅝	Time Inc. $1	72⅞	+⅞	$1.00	–	0.8
17⅛	15⅞	TRINOVA Corp	16⅛xd	−⅛	s64c	–	2.3
20⅞	16	USX $1	20⅞xd	+⅛	$1.40	–	3.9
164p	126p	♥Unilab	155p	−7	–	–	–
31⅞	22¼	Utd. Technologies	31⅞	+⅛	$1.60	–	2.9
156p	128p	♥Utilitech Inc	147p	+13	–	–	–
41	31½	US West‖	41	....	$3.76	–	5.4
30⅛	22⅞	Waste Management $1	30⅛xd	+¼	48c	–	0.9
18⅜	13½	Whirlpool $1	18⅜	+⅛	$1.10	–	3.5
20¼	16⅞	Whitman Corp	20⅛xd	−⅛	96c	–	2.8
32¼	28⅛	♥Woolworth $3½	32¼	+1⅛	$1.64	–	3.0

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Miscellaneous

1989 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
[illegible]							
504½	371½	Exploura LJV 5p. β	40				
°98	70	Geevor	91	–2			–
°85	53	Greenwich Res. β	65				–
£7½	£4½	Hemlo Gold Mines	£6¾		S020c	–	1.5
£9¼	£6⅞	Homestake Mining $1	£8		Q20c	–	1.5
40	26½	Kenmare ... y	38½	+2½		–	–
47¾	23	McFinley Red Lake	23	–4	n–	–	–
28¾	19	New Sabina Res C$1	23			–	–
348	288	Northgate C$1	320		5–	–	–
39¼	6	Nor-Quest Res.	28¼			–	–
545	411	RTZ 10p ... α	526	–1	15.0	2.9	3.8
£277½	£202½	Do 9½pc '95-00.. y	£270½		Q9½%	63.3	3.5
15	6	Thorco Res. Inc.	12½			–	–
250	196½	Young Group 10p ... y	211		16.3	3.2	4.0

THIRD MARKET

1989 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
82	77	ASB Barnett 2p.... y	77xd	.....	1.0	♦	1.7	♦
°16	11	Amercoeur Energy 10p y	12	.....	–	–	–	–
73	65	Andaman Res. 10p .. y	70	–1	–	–	–	–
90	58	Associated Farmers	81	–5	–	–	–	35.8
1½	0¼	Barbican Hldgs. 1p. y	1½	.....	–	–	–	–
121	96	Beckenham Grp. 5p.. y	108	.....	2.5	2.6	3.1	13.7
217	176	Broadcast Comms ... y	206	.....	–	–	–	26.8
42	16	Burmin Exploration. y	19	.....	–	–	–	–
26	17	Caldwell Invs 10p. y	25	.....	–	–	–	10.9
26	16	Caspen Oil 10p.... y	18	.....	–	–	–	♦
90	61	Chelsea Artisans 5p. y	80	.....	1.0	♦	1.7	♦
°48	30	ChemEx Intl	48#	.....	–	–	–	–
143	125	Crown Eyeglass 5p. y	135	.....	–	–	–	15.0
116	101	Copid 10p........ y	111	.....	b2.0	6.4	2.4	8.7
33	28	Dana Expl ..... y	30	.....	–	–	–	–
100	60	Eglinton Expln. Ir 50p. y	61	+1	–	–	–	–
30	2	Do Wrrnts ...... y	14	–3	–	–	–	–
63	35	Far East Res. 10p.. y	58	–2	–	–	–	–
40	26	Feltrim Min.Ir0.20.. y	26	.....	–	–	–	–
273	135	Haemocell 1p. ..... y	268	–3	–	–	–	–
90	76	Hilclare 5p .... y	85	–5	–	–	–	13.9
°32	21	Honorbilt Group 5p.. y	28#	.....	–	–	–	♦
100	70	Hoskins Brewery 50p .	90	.....	–	–	–	–
18	12	Intl. Comm & Data 5p. y	14	.....	–	–	–	8.4
20	12	Ivernia West.. ..... y	19	–1	–	–	–	–
84	58½	Kells Mins. Ir5p.... y	81	–1	–	–	–	–
48	31	Kemp (P.E.) 5p. .. y	48	.....	1.5	♦	4.2	♦
22	17	Kromagraphic 1p.. y	21	+1	–	–	–	–
105	93	LGW 5p..... ..... y	105xd	.....	2.0	3.1	2.5	16.1
96	78	Leading Leisure 5p... y	95	.....	2.0	2.7	2.8	16.6
°23	12	Lynx Group 5p ..... y	21	.....	–	–	–	3.7
°448	353½	M.L. Labs 1p .... y	445	+2	n–	–	–	–
220	96	Medirace 10p.... .. y	217	.....	–	–	–	–
9	5	Moray Firth 1p.. ..y	8	.....	–	–	–	–
12½	9½	Norton Group 5p .. y	10	.....	–	–	–	♦
45	24	Ovoca Gold IR 2p .. y	44#	.....	–	–	–	–
25	13	Pennant Grp 2p....y	20	.....	d0.2	–	1.3	–
43	35	Pennine Optical 2½p y	43	+1	–	–	–	♦
83	20	Poddington 5p...... y	82	+3	–	–	–	–
61	40	Propeller 1p. ..... y	56	.....	0.5	♦	1.3	♦
69	56	Rentaminster 5p .. y	66	–1	F2.0	4.3	4.0	15.4
197	175	Royal Sovereign 10p. y	190	.....	5.5	3.2	3.9	10.6
21½	17	Scott Pickford 10p.. y	18	–1	3.1	0.7	23.0	9.3
133	95	Seacon Hldgs. ..... y	131	.....	2.5	♦	2.5	♦
11	7	Sonic Tape 2½p.... y	10½	+½	–	–	–	13.8
°17½	7½	Stalls Hldgs. 5p . . y	8xr	.....	–	–	–	13.0
°3	1¼	Swanyard Studios 1p y	2¼	.....	–	–	–	♦
548	285	Takare.. ...... y	533	–5	1.0	8.8	0.3	47.2
70	28	Tomorrows Leisure 20p y	63	–2	–	–	–	31.4
19	11	Tullow Oil 10p..... y	15½	+½	–	–	–	–
113	100	UPL Group 10p..... y	100	.....	2.75	♦	3.7	♦
147	135	Unit Group. .... y	138	+3	F7.5	2.5	7.2	7.8
14	5	Vista Ents 5p ...... y	12½	–¾	–	–	–	–
40	37	Vizcaya Hldgs 5p.. y	38	.....	–	–	–	–
35½	23	Whitegate Leisure 20p y	32½	–1½	–	–	–	–
20½	10	Do Wrrnts.... ..... y	20½	+1½	–	–	–	–
9¼	5	Wilton Group 1p... y	8½	.....	–	–	–	–

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- ° Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♠ Not comparable
- ♠ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ¶ No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or –
Albany Inv 20p.... y	99xd	......
Craig & Rose £1.. y	720	......
Finlay Pkg. 5p .. y	91	......
Holt (Jos) 25p..... y	1295xd	–18

IRISH

Stock	Price	+ or –
Cap 8½% Ln. 1991 ..	£98	......
9pc Cap Ln. 1996 .	£97¾	......
Fin. 13% 97/02...	£118	......
Arnotts	450	......
Carrol (P.J.)...... y	155	......
Hall (R. & H.)	155	......
Heiton Hldgs...... y	81	......
Irish Ropes	197	......

TRADITIONAL OPTIONS
3-month call rates

Industrials	p
Allied-Lyons	40
Amstrad	18
BAT	40
BOC Grp	36
BSR	7½
BTR	26
Barclays	34
Beecham	40
Blue Circle	39
Boots	20
Bowaters	38
Brit Aerospace	42
Brit Telecom	21
Burton Ord	18
Cadburys	31
Charter Cons	45
Comm Union	28
Courtaulds	26
FKI Babcock	13
FNFC	21
Gen Accident	71
GEC	15
Glaxo	90
Grand Met	38
GUS 'A'	90
Guardian	16
GKN	28
Hanson	12
Hawker Sidd	48
ICI	85
Jaguar	22
Ladbroke	38
Legal & Gen	26
Lex Service	34
Lloyds Bank	29
Lucas Inds	48
Marks & Spencer	15
Midland Bk	35
Morgan Grenfell	28
NEI	12
Nat West Bk	45
P & O Dfd	48
Plessey	15
Polly Peck	28
Racal Elect	25
RHM	32
Rank Org Ord	63
Reed Intnl	38
STC	24
Sears	13
TI	32
TSB	9
Tesco	12
Thorn EMI	55
Trust Houses	24
T&N	16
Unilever	42
Vickers	15
Wellcome	42

Property	
Brit Land	30
Land Securities	52
MEPC	50

Oils	
Brit Petroleum	21
Do. Int. Certs	12
Burmah Oil	48
Calor	35
Charterhall	2½
Premier	9
Shell	85
Ultramar	21

Mines	
Cons Gold	100
Lonrho	38
RTZ	40

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £985 per annum for each security.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar up after soft start

THE DOLLAR took a pause in currency markets yesterday but finished with a late flourish, recouping early losses and showing little overall change from the close on Monday.

The US unit opened on a weaker note, following repeated intervention by the Bank of Japan in Tokyo. There was no sign of any further central bank intervention after the start of trading in Europe, with the dollar already adopting a softer tone. However, renewed demand in the afternoon was met by dollar sales in New York by the US Federal Reserve.

Some investors yielded to the temptation to take profits, but the level of business was relatively subdued ahead of the release today of US trade figures for March. US housing starts for April, released yesterday, were lower than expected, but the US currency maintained its firm undertone.

Dealers noted that the US Federal Open Market Committee met yesterday amid speculation that US interest rates may be reduced in the light of slower US growth and reduced concern about the prospect of rising inflation.

The dollar recovered from a low of DM1.9330 to finish at DM1.9435, up from DM1.9420 on Monday. It also showed a marginal improvement against the yen at Y137.30 from Y137.20. Elsewhere, it finished at SFr1.7360 from SFr1.7385 and FFr6.5750 compared with FFr6.5625. On Bank of England figures, the dollar's exchange rate index was 70.3 against 70.4.

Sterling rose against a weaker dollar during the morning but came back to finish unchanged on the day. However, it showed very little change against the D-Mark, and the fluctuation in its exchange rate index reflected changes in its value against the dollar.

Sterling's index finished at 94.7 compared with 94.8 at the opening, and 94.6 at the close on Monday. Domestic interest rates showed little change, and traders remain convinced that any sharp slide in sterling's value is likely to be accompanied by a rise in bank base rates. On this basis, sterling retains a firm undertone, since the cost of running short on sterling remains expensive.

Fresh incentive to push the pound outside its recent trading range depends, to a large extent, on reaction to key economic data due for release today and tomorrow. This includes figures on industrial production, average earnings and unit wage costs - all for March.

The dollar's late rise towards its best level of the day saw the pound come back to finish unchanged at $1.6395. It was also unchanged against the D-Mark and Japanese yen at DM3.1850 and Y225.00 respectively. Elsewhere, it finished at SFr2.8450 from SFr2.8500 and FFr10.7800 compared with FFr10.7600.

The D-Mark was confined to a relatively narrow range as most investors squared positions before the Bundesbank central council meeting tomorrow. There appears to be little clear consensus on whether the authorities will use higher rates to defend the D-Mark, so soon after the last rise in the discount rate on April 21.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu May 16	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.5836	+2.65	+0.93	±1.5344
Danish Krone	7.85212	8.10513	+3.22	+1.50	±1.6404
German D-Mark	2.05853	2.08255	+1.17	-0.55	±1.0981
French Franc	6.90403	7.04331	+2.02	+0.30	±1.3674
Dutch Guilder	2.31943	2.34762	+1.22	-0.50	±1.5012
Irish Punt	0.768411	0.779118	+1.39	-0.33	±1.6684
Italian Lira	1483.58	1514.74	+2.10	+1.09	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

May.16	Latest	Previous Close
£ Spot	1.6440-1.6450	1.6405-1.6415
1 month	0.48-0.47pm	0.43-0.41pm
3 months	1.30-1.30pm	1.29-1.26pm
12 months	3.72-3.65pm	4.70-4.60pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	May.16	Previous
8.30 am	94.8	94.9
9.00 am	94.8	94.9
10.00 am	94.8	94.9
11.00 am	94.8	94.8
Noon	94.8	94.7
1.00 pm	94.8	94.7
2.00 pm	94.8	94.9
3.00 pm	94.8	94.7
4.00 pm	94.7	94.6

CURRENCY RATES

May.16	Bank rate %	Special* Drawing Rights	European Currency Unit
Sterling	-	0.773605	0.653986
U.S Dollar	7	1.26732	1.07581
Canadian $	12.39	1.50925	1.27838
Austrian Sch.	5	N/A	14.6525
Belgian Franc	7.75	N/A	43.5836
Danish Krone	7½	N/A	8.10513
Deutsche Mark	4.50	N/A	2.08255
Neth.Guilder	5.50	N/A	2.34762
French Franc	9½	N/A	7.04331
Italian Lira	13½	1794.72	1514.74
Japanese Yen	2½	173.306	147.224
Norway Krone	8	N/A	7.53387
Spanish Peseta	-	152.601	129.764
Swedish Krona	9½	N/A	7.04331
Swiss Franc	4.5	N/A	1.86276
Greek Drach.	20½	208.797	177.013
Irish Punt	-	0.921014	0.779118

*All SDR rates are for May.15

CURRENCY MOVEMENTS

May.16	Bank of England Index	Morgan** Guaranty Changes %
Sterling	94.7	-16.6
U.S Dollar	70.3	-7.6
Canadian Dollar	103.7	+0.1
Austrian Schilling	106.5	+9.8
Belgian Franc	105.5	-6.4
Danish Krone	102.5	-2.3
Deutsche Mark	112.1	+20.0
Swiss Franc	102.6	+11.4
Guilder	109.7	+12.8
French Franc	99.0	-15.5
Lira	97.9	-19.7
Yen	144.4	+75.2

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100) *Rates are for May.15

OTHER CURRENCIES

May.16	£	$
Argentina	[illegible]	[illegible]
Australia	[illegible]	[illegible]
Brazil	[illegible]	[illegible]
Finland	[illegible]	[illegible]
Greece	[illegible]	[illegible]
Hong Kong	[illegible]	[illegible]
Iran	[illegible]	[illegible]
Korea(Sth)	[illegible]	[illegible]
Kuwait	[illegible]	[illegible]
Luxembourg	[illegible]	[illegible]
Malaysia	[illegible]	[illegible]
Mexico	[illegible]	[illegible]
N. Zealand	[illegible]	[illegible]
Saudi Ar.	[illegible]	[illegible]
Singapore	[illegible]	[illegible]
S. Af (Cm)	[illegible]	[illegible]
S. Af (Fn)	[illegible]	[illegible]
Taiwan	[illegible]	[illegible]
U.A.E.	[illegible]	[illegible]

*Selling rate

POUND SPOT- FORWARD AGAINST THE POUND

May.16	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6390-1.6485	1.6390-1.6400	0.43-0.40cpm	3.04	1.28-1.24pm	3.07
Canada	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Netherlands	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgium	66.50-66.80	66.60-66.70	27-25cpm	4.68	77-73pm	4.50
Denmark	12.38-12.40½	12.39½-12.40½	4¼-3⅞orepm	3.99	12⅛-11pm	3.73
Ireland	1.1860-1.1940	1.1905-1.1915	0.45-0.40pm	4.28	1.05-0.95pm	3.36
W. Germany	3.18-3.18¾	3.18¼-3.18¾	1¾-1½pfpm	6.12	4⅝-4½pm	5.73
Portugal	261.80-263.70	262.70-263.70	9-18cdis	-0.62	1-86dis	-0.66
Spain	197.95-198.80	198.15-198.45	15-5cpm	0.61	14-3pm	0.17
Italy	2315-2319½	2317½-2318½	3-1lirepm	1.04	8-6pm	1.21
Norway	11.48-11.52¼	11.48-11.49	2¼-1½orepm	1.96	6½-5½pm	2.09
France	10.75¾-10.78½	10.77¾-10.78½	3⅞-3½cpm	4.10	10⅝-10¼pm	3.87
Sweden	10.75-10.77¼	10.75-10.76	1½-1¼orepm	1.53	4-3½pm	1.39
Japan	224½-225½	224½-225½	1⅝-1½ypm	8.33	4½-4¼pm	7.78
Austria	22.35-22.42	22.39-22.42	9½-8½gropm	4.82	30¼-27½pm	5.16
Switzerland	2.84-2.85¼	2.84-2.85	1½-1¼cpm	5.54	4-3¼pm	5.45

Belgian rate is convertible francs. Financial franc 66.75-66.85. Six-month forward dollar 2.56-2.51cpm 12 months 4.62-4.52pm

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

May 16	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6390-1.6485	1.6390-1.6400	0.43-0.40cpm	3.04	1.28-1.24pm	3.07
Ireland†	1.3765-1.3820	1.3770-1.3780	0.12-0.17cdis	-1.26	0.18-0.28dis	-0.67
Canada	1.1860-1.1925	1.1880-1.1890	0.25-0.29cdis	-2.73	0.68-0.74dis	-2.39
Netherlands	2.1780-2.1905	2.1895-2.1905	0.47-0.45cpm	2.53	1.21-1.17pm	2.02
Belgium	40.40-40.70	40.60-40.70	6.00-4.50cpm	1.55	16.50-13.50pm	1.48
Denmark	7.51¾-7.56½	7.56-7.56½	0.80-0.50orepm	1.03	1.35-0.95pm	0.61
W. Germany	1.9320-1.9440	1.9430-1.9440	0.53-0.50pfpm	3.19	1.28-1.24pm	2.60
Portugal	160.00-160.45	160.35-160.45	42-57cdis	-3.71	130-180dis	-3.88
Spain	120.20-120.90	120.80-120.90	16-26cdis	-2.09	75-85dis	-2.65
Italy	1405-1414¼	1413¾-1414¼	2.20-2.70liredis	-2.09	6.50-7.00dis	-1.92
Norway	6.98½-7.01	7.00¼-7.00¾	0.43-0.68oredis	-0.99	1.70-2.00dis	-1.10
France	6.53-6.57¾	6.57¼-6.57¾	0.66-0.61cpm	1.16	1.40-1.30pm	0.82
Sweden	6.53-6.56¼	6.55¾-6.56¼	0.75-0.90oredis	-1.51	2.70-2.95dis	-1.73
Japan	136.65-137.35	137.25-137.35	0.62-0.60ypm	5.36	1.61-1.58pm	4.66
Austria	13.59½-13.63½	13.63½-13.64	2.60-2.10gropm	2.07	8.60-7.10pm	2.31
Switzerland	1.7280-1.7380	1.7355-1.7365	0.38-0.35cpm	2.53	0.98-0.94pm	2.22

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 40.70-40.80.

EURO-CURRENCY INTEREST RATES

May.16	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	12¼-12	12½-12¼	12⅞-12⅞	12⅞-12¾	13-12⅞	12⅞-12⅞
US Dollar	9⅞-9⅞	9⅞-9⅞	9⅞-9⅞	9⅞-9⅞	9⅞-9⅞	9⅞-9⅞
Can. Dollar	12⅛-11⅞	12⅛-11⅞	12⅛-11⅞	12⅛-11⅞	11⅞-11⅝	11⅞-11⅝
D Guilder	6⅞-6⅞	7-6¾	7⅛-7	7⅜-7¼	7⅞-7⅞	7½-7⅜
Sw. Franc	7½-7¼	7½-7¼	7⅞-7⅞	7⅞-7⅞	7⅞-7⅞	7¼-7⅛
Deutschmark	6¼-6⅛	6⅜-6¼	6⅞-6⅞	7-6¾	7¼-7⅛	7⅜-7¼
Fr. Franc	8⅜-8¼	8⅜-8¼	8⅞-8½	8⅞-8¾	8⅞-8⅞	9⅛-8⅞
Italian Lire	11-9	11½-10½	11⅜-11	11⅞-11	11⅞-11½	12-11⅞
B. Fr. (Fin)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B. Fr. (Con)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D. Krone	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asian $Sing.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Long term Eurodollars: two years 9⅝-9½ per cent; three years 9⅝-9½ per cent; four years 9⅝-9½ per cent; five years 9⅝-9½ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

May.16	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1	1.640	3.185	225.0	10.78	2.845	3.590	2318	1.950	66.65
$	0.610	1	1.942	137.2	6.573	1.735	2.189	1413	1.190	40.64
DM	0.314	0.515	1	70.64	3.385	0.893	1.127	727.8	0.613	20.93
YEN	4.444	7.289	14.16	1000.	47.91	12.64	15.96	10302	8.671	296.2
F Fr.	0.928	1.521	2.955	208.7	10.	2.639	3.330	2150	1.810	61.83
S Fr.	0.351	0.576	1.120	79.09	3.789	1	1.262	814.8	0.686	23.43
H Fl.	0.279	0.457	0.887	62.67	3.003	0.792	1	645.7	0.543	18.57
Lira	0.431	0.708	1.374	97.07	4.651	1.227	1.549	1000.	0.842	28.76
C $	0.513	0.841	1.633	115.3	5.525	1.458	1.840	1188	1	34.16
B Fr.	1.500	2.461	4.779	337.6	16.17	4.269	5.386	3478	2.927	100.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES

West German bonds weak

PRICES OF interest rate futures tended to fall on the Liffe market yesterday. German Government bonds weakened as the dollar remained strong against the D-Mark, and traders waited to see if tomorrow's Bundesbank council meeting results in a rise in the German discount or Lombard rates.

Doubts were voiced as to whether an increase in the Bundesbank's key interest rates would provide any immediate relief for the weak D-Mark but, with a rise remaining a possibility, dealers took a defensive view and sold the German bond. June delivery opened firmer at 92.98, but this proved to be the day's high, and the contract fell back to close at 92.78, compared with 92.91 on Monday.

Short sterling futures were weaker, ahead of important US and UK economic data. The June contract fell to 86.96 from 87.02. US Treasury bonds also fell, but trading was quiet with dealers happy to square positions ahead of today's March US trade figures. June US bonds declined to 90-27 from 91-00. A larger than expected fall in April US housing starts had little impact.

LIFFE LONG GILT FUTURES OPTIONS
Strike Price; Calls-settlements Jun, Sep; Puts-settlements Jun, Sep — [illegible]
Estimated volume total, Calls 1397 Puts 1757. Previous day's open int. Calls 31675 Puts 25248

LIFFE US TREASURY BOND FUTURES OPTIONS
Strike Price; Calls-settlements Jun, Sep; Puts-settlements Jun, Sep — [illegible]
Estimated volume total, Calls 68 Puts 228. Previous day's open int. Calls 2849 Puts 2137

LIFFE BUND FUTURES OPTIONS
Strike Price; Calls-settlements Jun, Sep; Puts-settlements Jun, Sep — [illegible]
Estimated volume total, Calls 845 Puts 594. Previous day's open int. Calls 8496 Puts 8618

LIFFE £/$ OPTIONS
£25,000 (cents per £1) — [illegible]
Estimated volume total, Calls 0 Puts 0. Previous day's open int. Calls 188 Puts 1600

LIFFE EURODOLLAR OPTIONS
$1m points of 100% — [illegible]
Estimated volume total, Calls 40 Puts 40. Previous day's open int. Calls 2856 Puts 4759

LIFFE SHORT STERLING
[illegible]
Estimated volume total, Calls 745 Puts 1824. Previous day's open int. Calls 26383 Puts 25258

LONDON (LIFFE)

20-YEAR 9% NOTIONAL GILT £50,000 32nds of 100% — [illegible]
Estimated Volume 9159 (8510). Previous day's open int. 29516 (29824)

7-10 YEAR 9% NOTIONAL GILT £50,000 32nds of 100% — [illegible]
Estimated Volume 1 (0). Previous day's open int. 165 (165)

US TREASURY BONDS 8% $100,000 32nds of 100% — [illegible]
Estimated Volume 3056 (2861). Previous day's open int. 7460 (7442)

6% NOTIONAL GERMAN GOVT. BOND DM 250,000 100ths of 100% — [illegible]
Estimated Volume 14933 (7843). Previous day's open int. 40827 (41839)

6% NOTIONAL LONG TERM JAPANESE GOVT. BOND Y100m 100ths of 100% — [illegible]
Estimated Volume 447 (563). Previous day's open int. 908 (902)

THREE MONTH STERLING £500,000 points of 100% — [illegible]
Est. Vol. (inc. figs. not shown) 13204 (11579). Previous day's open int. 83316 (83820)

THREE MONTH EURODOLLAR $1m points of 100% — [illegible]
Est. Vol. (inc. figs. not shown) 9462 (8297). Previous day's open int. 61689 (61002)

THREE MONTH EUROMARK DM 1m points of 100% — [illegible]
Estimated Volume 4694 (3990). Previous day's open int. 12278 (11750)

FT-SE 100 INDEX £25 per full index point — [illegible]
Estimated Volume 2341 (2134). Previous day's open int. 20896 (20599)

POUND-$ (FOREIGN EXCHANGE) — [illegible]

DM-STERLING $c per £

	Latest	High	Low	Prev.
Jun	1.6398	1.6430	1.6390	1.6354
Sep	1.6270	1.6290	1.6252	1.6220
Dec	1.6160	1.6160	-	1.6120

PHILADELPHIA SE £/$ OPTIONS
£31,250 (cents per £1) — [illegible]
Previous day's open int: Calls 425,956 Puts 423,448 (All currencies). Previous day's volume: Calls 21,614 Puts 34,563 (All currencies)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100% — [illegible]

JAPANESE YEN (IMM) Y12.5m $ per Y100 — [illegible]

DEUTSCHE MARK (IMM) DM125,000 $ per DM — [illegible]

U.S. TREASURY BILLS (IMM) $1m points of 100% — [illegible]

THREE-MONTH EURODOLLAR (IMM) $1m points of 100% — [illegible]

SWISS FRANC (IMM) SFr 125,000 $ per SFr — [illegible]

STANDARD & POOR'S 500 INDEX $500 times index — [illegible]

MONEY MARKETS

German rates firm

THERE WAS a firmer tone to West German interest rates yesterday on nervousness about the D-Mark's weakness against the dollar. Call money in Frankfurt rose to 6.25 per cent from 6.15 per cent, but the market retains doubts as to whether tomorrow's meeting of the Bundesbank council will result in a rise in the German discount or Lombard rates.

UK clearing bank base lending rate 13 per cent from November 25

Dealers feel that a rise in German key interest rates will not have the desired impact of pushing the D-Mark up against the dollar and that it is likely to damage the credibility of the Bundesbank if it takes action to no effect.

The Bundesbank offered liquidity to the banking system yesterday via a 28-day securities repurchase agreement tender, at variable bid rates. Funds will be required to replace an earlier facility of DM14.5bn expiring today.

In London the money market was very quiet with interest rates showing little change. The market was waiting for publication of US trade figures today and figures on UK employment trends and average earnings tomorrow, followed by the UK retail prices index on Friday. Three-month sterling interbank closed unchanged at 12¾-12⅞ per cent.

The Bank of England initially forecast a London money market credit surplus of £450m, but revised this to a surplus of £500m in the afternoon. The authorities drained surplus funds by selling a total of £491m bills. Before lunch the Bank of England sold £409m Treasury bills due June 21, at rates of 12⅝ to 12¾ per cent. In the afternoon another £82m Treasury bills were sold due May 24, at rates of 12¼ to 12⅞ per cent.

Bills maturing in official hands, repayment of late assistance and a take up of Treasury bills drained £177m. This was outweighed by Exchequer transactions adding £490m to liquidity, a fall in the note circulation of £55m, and bank balances above target of £75m.

In Amsterdam the Dutch Central Bank allocated Fl 3.59bn in seven-day special advances to the money market at an unchangedrate of 6.70 per cent. An earlier six-day facility of Fl 5.27bn expired yesterday.

In Paris the French Treasury sold FFr5bn of 13-week Treasury bills at an average discount rate of 8.24 per cent compared with 8.19 per cent at the last tender.

FT LONDON INTERBANK FIXING

(11.00 a.m. May.16) 3 months US dollars		6 months US Dollars	
bid 9⅞	offer 9⅞	bid 9⅞	offer 9⅞

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	11½
Broker loan rate	10¾-½
Fed.funds	9¾
Fed.funds at intervention	-

Treasury Bills and Bonds

One month	8.03	Three year	8.91
Two month	8.22	Four year	8.87
Three month	8.53	Five year	8.89
Six month	8.78	Seven year	8.85
One year	8.87	10-year	8.84
Two year	8.98	30-year	8.85

May.16	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	6.20-6.30	6.50-6.65	6.55-6.70	6.65-6.80	6.85-7.00	6.50
Paris	8⅞-8⅞	8⅞-8⅞	8⅝-8¾	8⅞-8⅞	8⅞-8⅞	7.25
Zurich	6⅛-6⅞	7-7¼	-	7-7¼	-	-
Amsterdam	6.75-6.87	7.05-7.15	-	7.25-7.35	-	-
Tokyo	4⅛-4⅞	4⅞-4⅞	-	4⅞-4⅞	-	-
Milan	12⅛-12½	12⅛-12⅜	-	12¼-12¾	-	-
Brussels	3.90	8⅛-8¼	-	8¼-8⅜	-	-
Dublin	7½-7⅞	8¾-9	9⅛-9⅞	9¼-9½	9⅝-9⅞	-

LONDON MONEY RATES

May.16	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	12⅛	12½	12⅞	12⅞	13	12⅞
Interbank Bid	3	12⅛	12½	12¾	12⅞	12¾
Sterling CDs	-	-	12⅞	12⅞	12⅞	12¾
Local Authority Deps.	11⅞	12¼	12½	12¾	12¾	12¾
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps.	12¼	12⅜	12⅞	12½	-	-
Company Deposits	-	-	12⅞	12⅞	12⅞	12⅞
Finance House Deposits	-	-	12⅞	12⅞	12⅞	12⅞
Treasury Bills (Buy)	-	-	12⅞	12⅞	-	-
Bank Bills (Buy)	-	-	12⅞	12⅞	12⅞	-
Fine Trade Bills (Buy)	-	-	13	13⅛	12⅞	-
Dollar CDs	-	-	9.65	9.60	9.60	9.60
SDR Linked Dep Offer	-	-	8⅛	8⅜	8½	8⅞
SDR Linked Dep Bid	-	-	8	8⅛	8¼	8⅞
ECU Linked Dep Offer	-	-	8⅞	8⅞	8⅞	9⅛
ECU Linked Dep Bid	-	-	8⅞	8⅞	8⅞	9

Treasury Bills (sell); one-month 12⅞ per cent; three months 12⅞ per cent; Bank Bills (sell); one-month 12¼ per cent; three months 12⅜ per cent; Treasury Bills; Average tender rate of discount 12.2451 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day April 28, 1989. *Agreed rates for period May 24,1989 to June 25, 1989, Scheme I: 13.96 p.c., Schemes II & III:* 14.43 p.c. Reference rate for period April 1 to April 28, 1989, Scheme IV&V: 13.209 p.c.Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 13½ from May 1. 1989: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 9½ per cent; one-three months 11 per cent; three-six months 11 per cent; six-nine months 11 per cent; nine-twelve months 11 per cent; Under £100,000 9½ per cent from December 1,1988. Deposits withdrawn for cash 5 per cent.

EUROPEAN OPTIONS EXCHANGE

Series; May 89, Aug. 89, Nov. 89 (Vol, Last); Stock — Gold C, Gold P, EOE Index C/P, $/Fl C/P, ABN, AEGON, AKZO, AMEV, AMRO, BUHRMANN-T, GIST-BROC, HEINEKEN, HOOGOVENS, KLM, KNP, NEDLLOYD, NAT.NED, PHILIPS, ROYAL DUTCH, UNILEVER, VAN OMMEREN — [illegible]

TOTAL VOLUME IN CONTRACTS : 41,827

A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

[illegible] — all listed banks 13%

● Members of British Merchant Banking & Securities Houses Association * Deposit rate 9.5%. Top Tier £10,000+ instant access 12.1% ● Mortgage base rate. § Demand deposit 9%. Mortgage 13.625% - 14.00%

JOTTER PAD

CROSSWORD

No.6,936 Set by DANTE

ACROSS
1 and 4 Social occasion at which tipping in the main was dutifully observed (6,3,5)
9 and 10 Nick's lawyer? (6,8)
12 I mention novel straight-away (2,2,4)
13 Put in a box and carted off (6)
15 Point of issue (4)
16 Support for a player (5,5)
19 Light that goes up and down (4-6)
20 Left or right in the vessel (4)
22 Bird circles its quarry (6)
25 What the driver needs on the whole is to be sober (8)
27 and 28 Impressive form from the tax assessor? (8,6)
29 and 30 They help your way to the bank, providing you have a good balance (8,6)

DOWN
1 and 19 When these retirement accounts are closed, all interest should cease (7,7)
2 Decade with restrictions for every day of the week (8)
3 The lowest form of birds (6)
5 Boy in a whirl (4)
6 What you can make as you go along (8)
7 Respond - to an encore call? (5)
8 Produced admitted superiority (7)
11 Attacks a devil with guns, perhaps (7)
14 T.S. Eliot play shows understatement (7)
17 Reverse order (5,4)
18 Gathers dust? (6,3)
19 See 1 down
21 They split the beams in the lobby (7)
22 Severe intestinal trouble (6)
24 Young insects raised up on pea soup (5)
26 Unidentified girl holding a ring (4)

Solution to Puzzle No.6,935

WORLD STOCK MARKETS

CANADA

TORONTO
2pm prices May 16

MONTREAL
4pm prices May 15

Total Sales 4,240,460 shares.

INDICES

NEW YORK — DOW JONES

	May 16	May 15	May 12	May 11	1989 High	1989 Low	Since compilation High	Since compilation Low
♦Industrials	2453.45	2463.89	2439.70	2382.88	2463.89 (15/5)	2144.64 (3/1)	2722.42 (25/8/87)	41.22 (2/7/32)
Home Bonds	89.50	89.35	88.99	88.47	89.62 (8/2)	87.35 (23/3)	–	–
Transport	1139.07	1139.07	1133.73	1117.08	1144.08 (27/4)	959.95 (3/1)	1144.08 (27/4/89)	12.32 (8/7/32)
Utilities	196.60	196.36	196.01	191.68	196.60 (16/5)	181.84 (24/2)	227.83 (22/1/87)	10.50 (8/4/32)

♦Day's High 2469.76 (2463.89) Low 2439.88 (2438.78)

STANDARD AND POOR'S	May 16	May 15	May 12	May 11	1989 High	1989 Low	Since compilation High	Since compilation Low
Composite‡	315.28	316.16	313.84	306.95	316.16 (15/5)	275.31 (3/1)	336.77 (25/8/87)	4.40 (1/6/32)
Industrial	362.52	363.67	360.88	353.48	363.67 (15/5)	318.66 (3/1)	393.17 (25/8/87)	3.62 (21/6/32)
Financial	29.22	29.26	28.98	28.18	29.26 (15/5)	24.30 (3/1)	32.43 (25/8/87)	8.64 (1/10/74)
NYSE Composite	175.92	176.25	175.13	171.71	176.25 (15/5)	154.98 (3/1)	187.99 (25/8/87)	4.46 (25/4/42)
Amex Mkt. Value	349.92	350.04	348.30	345.62	350.04 (15/5)	305.24 (3/1)	365.01 (13/8/87)	29.31 (9/12/72)
NASDAQ OTC Comp	435.66	436.21	434.83	430.63	436.21 (15/5)	378.56 (3/1)	455.28 (26/8/87)	54.87 (31/10/72)

	May 12	May 5	Apr 28	year ago (approx.)
Dow Industrial Div. Yield	3.43	3.51	3.45	3.60
	May 10	May 3	Apr 26	year ago (approx.)
S & P Industrial div. yield	3.12	3.08	3.08	2.94
S & P Indl. P/E ratio	13.54	13.64	13.60	15.35

TRADING ACTIVITY † Volume

Millions	May 16	May 15	May 12
New York	174.469	180.894	221.490
Amex	11.997	10.916	13.903
OTC	(u)	133.659	166.354

NEW YORK	May 16	May 15	May 12
Issues Traded	1,968	1,994	1,975
Rises	677	927	1,214
Falls	791	576	353
Unchanged	500	491	408
New Highs	122	170	172
New Lows	22	14	16

CANADA

TORONTO	May 16	May 15	May 12	May 11	1989 High	1989 Low
Metals & Minerals	3458.3	3486.6	3430.1	3348.6	3564.9 (6/2)	3207.5 (3/1)
Composite	3658.7	3661.2	3638.8	3592.2	3696.1 (8/2)	3350.5 (6/1)
MONTREAL Portfolio	1884.47	1881.25	1862.22	1834.17	1884.45 (16/5)	1677.48 (3/1)

NEW YORK ACTIVE STOCKS

Tuesday	Stocks traded	Closing price	Change on day
Occidental Pet	3,727,300	27⅞	+ ⅛
Can Pacific	2,841,100	18¼	– ¼
Eastman Kodak	2,389,700	43	+ ¼
General Electric	2,243,500	51¼	– ½
IBM	2,003,800	111¼	– 1⅛
USX Corp	1,910,300	35⅝	+ 1
Niag Mohawk	1,783,100	10⅞	----
Exxon	1,556,300	42⅞	– ⅛
Blockbuster	1,492,800	27⅛	– 1
Baxter Intl	1,465,300	20⅞	+ ⅛

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	May 16	May 15	May 12	May 11	1989 High	1989 Low
AUSTRALIA						
All Ordinaries (1/1/80)	1557.3	1565.8	1537.1	1515.6	1565.8 (15/5)	1412.9 (7/4)
All Mining (1/1/80)	694.9	699.6	684.7	676.0	727.0 (26/1)	652.6 (7/4)
AUSTRIA						
Credit Aktien (30/12/84)	319.73	(c)	320.48	319.82	320.48 (12/5)	219.5 (2/1)
BELGIUM						
Brussels SE (1/1/80)	6051.12	(c)	6005.80	5997.36	6051.12 (16/5)	5519.30 (4/1)
DENMARK						
Copenhagen SE (3/1/83)	309.16	(c)	309.55	308.88	309.55 (12/5)	275.49 (27/2)
FINLAND						
Unitas General (1975)	798.6	797.4	795.8	792.7	815.8 (18/4)	723.3 (4/1)
FRANCE						
CAC General (31/12/82)	465.9	(c)	460.9	461.4	470.4 (24/4)	417.9 (4/1)
Ind. Tendance(30/12/88)	109.1	(c)	109.6	108.6	111.3 (24/4)	97.5 (27/2)
GERMANY						
FAZ Aktien (31/12/58)	563.60	(c)	567.60	575.88	585.28 (13/4)	535.78 (27/2)
Commerzbank (1/12/53)	1672.5	(c)	1684.7	1709.0	1741.9 (13/4)	1595.7 (27/2)
DAX (30/12/87)	1339.75	(c)	1347.84	1358.79	1394.62 (17/4)	1271.70 (23/2)
HONG KONG						
Hang Seng Bank (31/7/64)	3289.50	3309.64	3278.43	3285.10	3309.64 (15/5)	2706.69 (3/1)
ITALY						
Banca Com. Ital. (1972)	602.76	602.50	603.40	606.63	620.30(24/4)	577.49 (28/2)
JAPAN						
Nikkei (16/5/49)	33926.45	33716.29	33866.33	34081.4	34135.24 (8/5)	30183.79 (5/1)
Tokyo SE (Topix) (4/1/68)	2520.13	2505.69	2518.64	2537.99	2544.60 (8/5)	2366.91 (6/1)
NETHERLANDS						
CBS Ttl.Rtn.Gen.(End 1983)	238.6	(c)	239.2	237.8	240.1 (5/5)	208.3 (3/1)
CBS All Shr (End 1983)	186.3	(c)	186.8	187.8	190.6 (27/4)	166.7 (1/3)
NORWAY						
Oslo SE (2/1/83)	641.47	(c)	655.75	629.56	665.61 (19/4)	467.17 (2/1)
SINGAPORE						
Straits Times Ind. (30/12/66)	1303.48	1295.40	1285.07	1287.32	1303.48 (16/5)	1030.69 (4/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1440.0♦	1442.0	1490.0	1479.0	1639.0 (23/3)	1291.0 (15/2)
JSE Industrial (28/9/78)	2488.0♦	2501.0	2522.0	2522.0	2581.0 (28/4)	1961.0 (3/1)
SPAIN						
Madrid SE (30/12/85)	303.88	(c)	303.00	303.25	303.88 (16/5)	268.61 (1/3)
SWEDEN						
Jacobson & P. (31/12/56)	3930.3	(c)	3901.4	3887.2	3930.3 (16/5)	3333.9 (3/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	674.6	(c)	675.9	675.5	686.0 (28/4)	613.1 (3/1)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	509.4	514.4	512.1	519.0 (17/2)	491.2 (28/3)

♦ Subject to official recalculation.

Base values of all indices are 100 except Brussels SE and DAX – 1,000 JSE Gold – 255.7 JSE Industrials – 264.3 and Australia. All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks
Tuesday 16 May 1989

	Stocks Traded	Closing Prices	Change on day
Toshiba	87.1m	1,380	+60
Toray	20.8m	1,080	+30
Sumitomo Metal	17.6m	935	-3
Ebara	15.6m	2,150	+40
Maeda	13.7m	1,180	+50
Nippon Steel	9.7m	918	-7
Sanyo Electric	9.5m	955	+28
Kawasaki Steel	9.4m	1,040	-10
Hitachi	8.6m	1,680	+40
Fuji Heavy	7.5m	1,010	+10

4pm prices May 16

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		- A - A - A -								
29⅞	21¼	AAR	.44	1.5	19	283	29⅛	28⅞	29¼	+ ⅛
10⅛	8⅝	ACM n	1.01	11.		218	9	8¾	9	+ ⅛
11⅞	10¼	ACMIn	1.26a	12.		520	10¾	10⅝	10⅝	
10⅛	8½	ACM M n	1.01	11.		198	9	8⅞	8⅞	+ ⅛
11½	10⅛	ACM Sc	1.26	12.		1088	10¼	10½	10⅝	
10⅛	8⅝	ACMSp	1.01	11		495	9	8⅞	8⅞	
4⅝	2⅝	AMCA	.12e	3.0	27	638	4⅛	4	4	- ⅛
6⅛	3½	AM Intl				1084	6	5⅞	5⅞	- ⅛
23½	18⅛	AM In pf	2	8.7		8	22⅞	22⅞	22⅞	+ ⅛
64⅞	39	AMR			8	3558	64⅛	63⅝	63⅞	- ½
9½	4	ARX				192	4	d 3⅞	4	
47	35¼	ASA	3a	7.3		299	41	40¼	40⅞	+ ⅜
21⅝	14⅞	AVX	.24	1.1	10	941	21⅛	20¼	20⅞	- ⅜
59¾	42⅞	AbtLab	1.40	2.3	17	5100	u60⅛	59½	60	+ ¼
19	15⅜	Abitibi g	1			138	17⅛	16¾	16¾	- ⅛
12	7½	AcmeC	.40	3.9		88	10½	10⅜	10⅜	
8	5⅞	AcmeE	.32	4.1	18	1	7⅞	7⅞	7⅞	+ ⅛
33¼	20¼	Acuan			26	643	u33⅝	33¼	33⅜	+ ⅜
16⅞	14⅛	AdaEx	1.82e	12.		171	15¼	15⅛	15⅛	
16⅞	7⅛	AMD				4062	9⅛	8⅞	9	+ ⅛
40½	28¾	AMD pf	3	9.0		173	33½	33¼	33¼	
9½	6½	Adobe				70	9⅛	9	9	
18¼	16½	Adob pf	1.84	10.		11	17⅞	17¾	17¾	- ⅛
21⅞	19⅞	Adob pf	2.40	12.		14	20⅜	20⅛	20⅜	- ⅛
9¾	5⅞	Advest	.12	1.6	18	25	7⅞	7¾	7⅞	+ ⅛
54⅞	39¾	AetnLf	2.76	5.2	9	1612	53⅛	52¾	53	
49	24	AhlPb s	.22	.5		621	47⅛	46⅞	47⅛	- ⅛
20⅛	13¾	Ahmans	.88	4.5	9	3168	19⅞	19½	19¾	- ⅛
4⅝	2⅞	Aileen			20	33	3⅞	3⅞	3⅞	+ ⅛
53⅝	37¼	AirPrd	1.20	2.8	11	3964	42⅞	41¾	42⅞	
28⅞	15½	AirbFrt	.60	2.4	23	88	25¼	25¼	25⅜	
19¾	12⅛	Airgas			13	447	u19⅞	19	19⅝	+ ⅜

Continued on Page 45

NYSE COMPOSITE PRICES

Continued from previous Page

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
54	30¼	Raycm	.32	1.0	15	1612	33⅝	32⅞	33¼	+⅜
14⅝	9	RJamFn	.20	1.4	9	30	u14⅞	14⅝	14¾	+¼
21⅞	18	Rayonr	2.60	13.	6	30	19½	19⅜	19½	
7⅛	½	vjRaytc				116	1⅛	1⅛	1⅛	
73⅞	61	Raythn	2.20	3.2	9	1125	69⅞	69	69⅝	+⅜
1½	½	ReadBt				210	¾	11-16	¾	
4¾	1¼	RdBat pf				8	3⅛	3⅛	3⅛	
17⅞	15¼	REIT	1.36	8.6	15	28	16¼	15⅞	16⅛	−⅛
12⅞	5½	RecnEq			28	136	7⅞	7⅝	7⅞	+⅛
17⅞	9½	Reebok	.30	2.2	11	3299	13⅞	12⅞	13⅝	+½
16	11	Reece	.15e	1.1	18	2	14¼	14¼	14¼	−⅛
½	7-64	Regal				3	7-32	7-32	7-32	−1-32
7½	5¾	ReglFn	.24e	3.5		114	7⅜	7¼	7¼	−⅛
16	12½	ReichTg	1.76	13.	9	57	13½	13¼	13½	
6⅞	4¼	RelGrp	.32	6.9	10	259	4⅝	4½	4⅝	
18⅞	17⅛	Repsol n				13165	17¾	d17	17⅛	−⅜
6⅞	4¼	RepGyp	.20	4.0	21	12	5	5	5	−⅛
48⅞	39½	RepNY	1.28	2.9	9	345	43¾	43½	43⅝	+⅜
24⅞	14½	Rxene n	.60	3.9	4	285	15⅝	15⅜	15½	+⅛
31⅝	17	ReyRey	.76	2.4	12	238	u31¾	31⅜	31¾	+⅜
62¾	41⅛	ReyMt	1.60	2.8	8	2323	57¼	56⅞	56½	−¾
39	29⅛	RiteAid	.82	2.4	15	1663	34½	33¾	34⅛	+⅛
1	¼	RvrOak				71	5-16	9-32	5-16	
14⅞	8⅞	Robtsn				40	10¼	10⅛	10¼	+⅛
28⅞	21⅞	vjRobins			14	261	27½	27⅜	27½	
18¼	16½	RochG	1.50	8.2	8	425	u18⅜	17⅞	18¼	+⅛
66¾	44¾	RochTl	2.84	4.3	15	226	u67	65¾	66⅜	
20⅞	16½	RokCtr	1.84	9.7	17	372	19	18¾	18⅞	
23½	18	Rockwl	.78	3.5	7	8412	22¼	22	22⅛	
9⅝	4⅞	RodRen				50	6	6	6	
37½	29⅞	RoHaas	1.12	3.3	10	445	33⅞	33	33⅝	+½
37⅞	24½	Rohr			16	2135	32⅞	32⅜	32⅜	−⅝
17⅞	9	RollnE s	.06	.7	31	1595	10⅞	10¾	10⅝	−⅛
19¾	15⅛	Rollins	.54	2.7	19	641	u19⅞	18¾	19¾	+1¼
40¾	27⅞	Rorer	.80	2.0	20	624	39⅞	39⅝	39⅝	
8⅝	4½	Rowan				5596	7½	7¼	7¼	−⅛
[illegible]										
49¾	44½	Xerox pf	4.13	9.2		2	45	45	45	+⅛
44¼	28⅞	XTRA	.72	2.1	15	249	35¾	34⅝	35	−⅞
33	25	XTRA pf	1.94	7.0		40	27⅞	27¼	27⅞	+¼
3⅞	2	Zapata				97	3	2⅞	2⅞	
29⅞	18⅝	Zayre	.40a	1.3	199	5097	u30	29⅝	29⅞	
15½	10½	Zemex	.40	3.4	131	6	11⅞	11⅞	11⅞	+⅛
30	16½	ZenithE			1000	3886	20⅛	19⅞	20	+⅛
10⅞	6⅞	Zeninc	1.26	13.		193	9⅞	9¼	9⅞	+⅛
2¾	1	vjZenLb				393	1⅜	1⅝	1⅝	−⅛
21⅞	15	ZenNtl	.80b	4.4	8	138	18¼	18¼	18¼	
19⅞	13¼	Zero	.44	2.3	15	38	18⅞	18⅝	18¾	+⅛
29½	19	Zurnin	.68	2.4	16	146	28⅞	28⅛	28⅛	−⅛
11⅛	10	Zweig	1.07e	9.8		495	10⅞	10⅝	10⅞	+⅛
10⅛	6⅝	ZweigT	n.24e	2.7		1333	9⅛	8⅞	9	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

4pm prices May 16

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]							

OVER-THE-COUNTER

Nasdaq national market, 3pm prices May 16

Stock	Div.	Sales 100s	High	Low	Last	Chng
[illegible]						
Whlclub		21 446	13¼	12⅞	13	−⅛
Willamt	1.45	7 139	45	44	44¼	−¼
WilmTr	1.24	11 829	35	34¾	34¾	+¼
WiserO	.40	51 5	16⅝	16⅝	16⅝	−⅛
Wolohn	.28	9 68	17½	17	17½	+¼
WolfEx		250	6⅞	6½	6½	
Worthg	.48	14 826	21½	21⅛	21⅜	+⅛
Wyman	.80	64 295	17¼	17¼	17¼	−½
— X — Y — Z —						
XL Dta s		27 329	19	18½	18¾	
XOMA		279	16¼	15¾	16	
Xicor		10 1301	8¼	7⅞	8	−⅛
YelowF	.70	11 647	27⅞	27⅝	27⅞	+¼
ZionUt	1.44	21	25	24½	25	+¼
Zycad		330	3¾	3⅝	3⅝	

AMERICA

Dow climb comes to end as profit-taking emerges

Wall Street

SOME MODEST profit-taking finally set in yesterday after two days of substantial gains and successive post-crash peaks for the Dow Jones Industrial Average, *writes Janet Bush in New York.*

The Dow closed 10.44 points lower at 2,453.45 on moderately active volume of 174m shares. This is only a small pull-back compared with its surge on Friday and Monday of 81 points.

The Dow's closing level prevailed for most of the session, apart from the morning when it stood more than 14 points lower. Its stability suggested that there is still considerable confidence in this market.

Monday's broad advance of more than 24 points had been particularly impressive because it came after Friday's 56.82-point surge and against the background of a weakening bond market.

The Treasury bond market closed mixed, partly reflecting a lower dollar overnight. Although the dollar held steady in New York trading, it had taken some heat in overseas markets because of widespread expectations that the Bundesbank is preparing to raise the Lombard rate at its council meeting tomorrow.

The combination of a soft dollar and weaker bonds early on appeared at last to encourage some profit-taking. Friday's optimism after the smaller-than-expected 0.4 per cent rise in the producer prices index in April dissipated more quickly in the bond market than in the equity market.

The bond market quickly reassessed its hope that the US Federal Reserve would vote to ease monetary policy at the meeting of its Federal Open Market Committee. The equity market's small retreat yesterday brought the mood there more into line with the Treasury market.

The Fed is likely to prefer to keep policy on hold until there is more evidence that inflation is indeed under control. Growth is slowing, but not at great speed.

The strength of the dollar poses a different dilemma for the Fed. The desire to bring the dollar lower is obvious in view of estimates that central banks sold as much as $4bn on Friday and Monday.

However, if the Bundesbank plans a hike in the Lombard rate this week, a concomitant easing in Fed policy may bring the risk of a sharp correction on the downside for the dollar, which would not be desirable either.

Among featured stocks yesterday was Cray Research which fell $5⅜ to $49⅜ after news late on Monday that the company was restructuring into two public companies. Cray reached a joint marketing agreement with Control Data for its supercomputers and adopted a shareholder rights plan often used as a takeover defence. Control Data added $¼ to $20¼.

Dayton Hudson eased $⅛ to $51⅝ after reporting fiscal first quarter net income of 51 cents a share, compared with 36 cents *a share a year ago. J. C. Penney, another retailer reporting results, fell $1¼ to $58⅞.* The company took a charge of $20m net of taxes in its first quarter due to discontinuing the operations of its subsidiary, Telaction.

Ogilvy Group declined $⅛ to $53⅞ after the company announced that it had accepted the $54-a-share offer from WPP of Britain.

Howtek jumped $1⅞ to $19 on the American Stock Exchange after news that IBM had chosen its digital colour scanner for use with its PS-2 family of personal computers.

St Paul Companies jumped $⅝ to $49⅝ on the over-the-counter market after Alleghany reiterated that it wanted to raise its current stake in the company from 9.5 per cent to about 20 per cent.

Canada

TRADERS took a breather in Toronto where stocks closed mixed. The market is waiting for the US merchandise trade data due out on Wednesday and the US consumer price index on Thursday, waiting to decide if the economy is slowing and inflation abating.

The Toronto composite index fell 2.5 to 3658.7. But advances outpaced declines 334 to 320 on volume of 22.9m shares.

EUROPE

Interest rate apprehension dominates again

FEAR of higher interest rates continued to be the main influence on leading bourses, although some of the smaller markets reached all-time highs, *writes Our Markets Staff.*

FRANKFURT was again dominated by interest rate concerns *and shares declined in* fairly low volume.

The meeting of the Bundesbank tomorrow has intimidated investors, who fear another interest rate increase. As one analyst said: "We have got to be on yellow alert all the time now."

The strong dollar continued to fuel the rate fears. Yesterday it surged to DM1.9368 – its highest level since the end of 1986.

The DAX index slipped 8.09 to 1,339.75 and the FAZ declined 4 points to 563.60. Total German turnover was 2.52bn shares.

The corporate highlight was the suspension pending an announcement of PKI, a subsidiary of Philips, the Dutch electronics group. There were rumours that Philips, which owns more than 70 per cent through a wholly-owned subsidiary, might want to make an offer to the minority shareholders, or that it might want to sell to Robert Bosch, another electronics company. PKI closed at DM693 on Friday – the last trading session.

Puma, the sports goods company, picked up DM15, or 3.5 per cent, to DM355 after local press reports suggested it might soon be taken over.

PARIS was jittery, anticipating possible interest rate rises, and finished weaker on the day, although individual stocks provided pockets of excitement.

Bouygues, the leading building company, soared 7.6 per cent – up FFr45 at FFr640 – in heavy volume of more than 100,000 shares. After the close Mr Sylvio Berlusconi, the Italian businessman, said he had taken a 2 per cent stake and that the two would co-operate in Europe. Bouygues owns about 25 per cent of the French television channel, TF1.

LVMH fell sharply on early concern over the content of the report on the enquiry into share purchases in the luxury goods group. It recovered later when the Commission des Opérations de Bourse said there was insufficient evidence to qualify such purchases as insider dealing. LVMH closed *FFr44 lower at FFr4,025 after* dropping to a low of FFr3,950.

The CAC 40 index lost 7.48 to 1,666.79 and the OMF 50 index fell 2.28 to 477.85. One dealer said investors were waiting for tomorrow's meeting of the Bundesbank. "There are fears that if the Germans do put up their interest rates, we might have to follow. We can't hold out again."

MADRID resumed its rise to another high for the year as demand for certain stocks outweighed worries over inflation. The general index rose 0.51 to 303.56 and volumes were estimated at Pta15bn to Pta19bn, after Friday's strong Pta20.3bn.

Construction stocks were still actively sought and Asland jumped 51 points to 2,014 of par; analysts were at a loss to explain the cement group's sharp recent rise with one mentioning possible stake building while another said resignedly: "Somebody's obviously telling a very good story on the stock."

Repsol, the oil group, saw profit-taking after last week's bolsa debut, and fell 13.5 to 411.5. Domestic retail investors were the main sellers, according to analysts, although some selling was seen in London.

AMSTERDAM finished lower as interest rate fears put paid to early, dollar-inspired gains. The strength of the US currency had initially supported international stocks. The CBS tendency index closed 1.5 down at 177.3, with trading concentrating on corporate issues.

Aegon, the insurance company, lost Fl 1.10 to Fl 99.80 after reporting an 18 per cent rise in first quarter net profit.

DSM, the chemical group, fell 40 cents to Fl 131.60. It said, at its first annual shareholders' meeting since its partial privatisation in February, that it expected a Fl 80m profit from the sale of its 10 per cent stake in Daf, the truck maker.

Nutricia, which makes baby and diet food, fell Fl 2.50 to Fl 227 after saying it expected sales at its Cow and Gate unit in the UK to fall after the contamination last month of UK baby products by blackmailers.

KLM, the transport group, *fell 60 cents to Fl 46 amid* doubts that its Boeing 747-400 "super jumbo jet," to be delivered tomorrow, would receive a certificate of airworthiness.

MILAN ended the last day of the May trading account in colourless fashion. The Comit index inched up 0.36 to 602.76.

The market took no comfort from Monday's settlement of the April account, which had been delayed by the insolvency of a Milanese broker.

Montedison, the chemicals company, which announced a 54 per cent rise in annual net profit after the close, lost L18 to L2,130.

BRUSSELS rose to a new high on the back of Wall Street, with the cash market index rising 53.76 to 6,051.12. FN, the arms maker, gained BFr18 to BFr778, having soared by 3 per cent in early trading on news that it returned to operating profit last year.

STOCKHOLM rose to an all-time peak, with telecommunications company Ericsson leading the way. Ericsson free B shares gained SKr10 to SKr473 before the company announced a substantial increase in first quarter profits after the close.

OSLO also hit a record high, buoyed by Wall Street's recent rally and firm oil prices. The *all-share index gained 5.28 to 497.06.*

ZURICH saw early gains erased by profit-taking after initial optimism over Wall Street's previous gain gave way to worries over interest rates. The Credit Suisse index closed unchanged at 561.6.

SOUTH AFRICA

GOLD and other mining *shares closed narrowly mixed in quiet trading in* Johannesburg after Monday's steep falls, but industrials eased.

Thriving Vienna yields to a change of pace

A firm economy and company success are luring the foreigners, writes **Judy Dempsey**

ONE OF these days, the Americans are going to come in here and discover the bourse. If you don't believe me, then think about what happened to Madrid in 1985."

These words by a Viennese trader would have been *unthinkable a year ago.* But since then times have changed in the Wiener bourse, Vienna's stock market.

Austrian investors and bankers who for years were accustomed to the slow pace of life on the bourse's floor are finally coming to terms with the astonishing growth of this once lethargic exchange.

For example, this time last year, few traders would have believed that the Vienna share index would continue to rise above 204.22. They thought it might be a hiccup. The exchange would soon settle down, they said.

But it did not. By the end of last year, the index had risen to 242.70. And even then, there was no stopping it. Yesterday, the index closed at an all-time high of 342.05, a jump of 41 per cent this year.

However, it was when total turnover for the first four months of this year totalled Sch19bn ($1.39bn) – not too far short of the Sch24.28bn figure for the whole of last year – that bankers began to feel confident enough to speak of a genuine revival in Austrian equities and capital markets.

There are several explanations for this new feeling of self-confidence, which goes way beyond the partial privatisation of sections of state-owned industry. True, last year, traders had said that privatisation had given the Wiener bourse a much-needed fillip. After all, the market value of newly-listed shares exceeded Sch8.1bn, boosting the total market value to Sch110.98bn.

Since the beginning of this year, however, the Government has not issued any new stock. Instead, small companies have increased their capital, bringing the market's capitalisation to Sch135.84bn.

"Privatisation is no longer the reason for the spurt of activity," a senior Viennese banker commented yesterday.

Rather, he said, it was the state of the Austrian economy, combined with recent corporate annual results, that was boosting share prices and attracting foreign investors.

The revised forecast for Austria's economic growth rates, originally set at 3 per cent, has been *pushed upwards to about* 4.2 per cent. Inflation, another factor, is expected to rise slightly from 2.2 per cent to 2.7 per cent and then settle at 2.75 for 1990.

Such figures have been watched closely by international institutional investors – and in particular those from Britain, according to Mr Peter Zelnik, chief analyst at Girozentrale, the country's second largest bank.

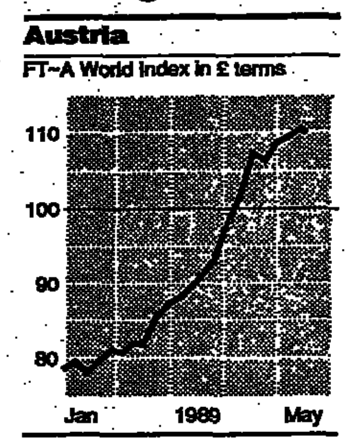
"Institutional investors do not like high inflation figures," he said, adding that the Austrian economy was becoming far more attractive to outsiders.

He and other analysts point also to very good corporate profits for 1988, which have recently been published.

Three sectors of the economy – building, chemicals *and paper* – are thriving and this is reflected on the bourse.

Wienerberger Banstoff, the construction company, recently announced a handsome 32 per cent rise in turnover for 1988. Its shares have risen from Sch1,000 in the early part of 1988 to a recent high of Sch3,250.

Other construction companies are performing just as well, helped by a record year for this sector, which in 1988 grew by 6.7 per cent over 1987 and in December alone grew by 18 per cent.



The shares of Jungbunzlauer, the chemicals company, have persistently risen, alongside its parent Montana, the financial services and chemicals groups. Both are expected later this month to announce annual results.

At the close of trade yesterday, Montana's shares stood at Sch39,900 – compared with Sch19,000 this time last year – while Jungbunzlauer reached Sch15,900, up from Sch10,000 a year ago.

"All these companies, which are export-oriented, are becoming more and more attractive and interesting to the foreign investor," Mr Zelnik said, adding that the price earnings ratio was now an average of 16 for the bourse compared with 13 last year.

Analysts believe Austria's decision to apply for full membership of the European Community later this year will put the Wiener Bourse firmly on the international map. And who knows, maybe the US investor will take a trip to Vienna after all.

ASIA PACIFIC

Investors ignore worries and Nikkei resumes rise

Tokyo

INVESTORS chose to ignore further political and interest rate worries and returned to the market with renewed enthusiasm, pushing share prices higher on improved volume, *writes Michiyo Nakamoto in Tokyo.*

The Nikkei average climbed throughout the day to close a strong 210.16 points higher at 33,926.45. The day's high was 33,931.35 and the low 33,740.22. Advances outnumbered declines by 499 to 368. Turnover rose to 665.55m shares from 421.63m on Monday.

The Topix index of all listed *shares rose 14.44 to 2,520.13 and* in London the ISE/Nikkei index added 3.35 to 2,008.20.

The day was by no means devoid of political concerns or *interest rate fears.* On the political front uncertainty persisted, as no successor to Prime Minister Takeshita seemed likely to emerge in the near term. At the same time, there was further speculation that leading politicians would be investigated over involvement in the Recruit scandal.

The yen's further weakness surprisingly did not further dampen enthusiasm for equities. This was in spite of a comment by a leading financial authority that Japan might *have to raise its official* discount rate by more than ½ per cent – more than the level that the market has so far been ready to accept.

Analysts gave various reasons for the market's rise in the face of continuing negative trends. An influx of index-linked investment trust funds has helped to raise share prices on a broad basis. One brokerage estimated that about Y112bn would flow into the market this week. It seemed the buying had come not only from the trusts, but also from investors anticipating more funds from the trusts.

One analyst pointed to the encouraging effect of yesterday's announcement that Japan's trade surplus had grown in April. The larger trade surplus, which indicated the high level of cash flow and liquidity of Japanese institutions, also meant that a large portion of that cash was likely to find its way into equities.

Investors also took heart from the fact that the market had not fallen drastically, in spite of all the negative considerations, said Mr Hiroaki Hanao at Daiwa Securities.

The market was also confident on currency matters. The yen's decline to the Y137 level against the dollar raised expectations that the dollar was in *for a technical correction.*

Interest was fairly widespread, with high technology electricals enjoying substantial gains. These issues were sought partly as laggards expected to become market leaders on the strength of their strong business results.

Toshiba was top of the volumes list, with 87.1m shares traded, and gained Y60 to Y1,360. It was popular for its improved profits, supported by rapidly expanding semiconductor sales. Its strength spread to other electricals.

Sony, selected on expectations that it will see record profits for the year to March 1990, added Y240 to Y7,190. Mitsubishi Electric gained Y50 to Y1,180 in active trading.

Toray, the textiles company, was the second most actively traded stock with 20.8m shares and rose Y30 to Y1,080. It was selected as a laggard and for its diversification.

High technology and shipping issues featured in Osaka, where the OSE average rose 83.55 to 32,879.11. Volume recovered to 62.79m shares, against 34.57m on Monday.

Roundup

ECONOMIC and political worries pulled Australia and Hong Kong lower, while Singapore edged higher to another post-crash peak.

AUSTRALIA was disturbed by a government warning that monetary policy might have to be tightened if economic growth continued at its current rate. Profit-taking sent the All Ordinaries index 8.5 lower to 1,557.3 in active volume of 101m shares, worth A$252m.

Shares and bonds went into decline after Mr Paul Keating, Treasurer, said high deficit figures were unsustainably high and that a tightening of policy *would include interest rates.* The announcement of an April current account deficit of A$1.19bn had mostly been anticipated by the market.

News Corp eased 25 cents to A$13.40 after rising 45 cents on Monday on improved profits.

Amcor gained 2 cents to A$4.50 as a special sale of 2.6m shares was traded at A$4.40.

HONG KONG was busy watching the student demonstrations in Peking and share prices declined. The Hang Seng index dropped 20.14 to 3,289.50. *Turnover was similar to* Monday's at HK$1.53bn worth of shares traded.

Bargain-hunting by foreigners helped Hongkong Bank pick up 5 cents to HK$6.60. It was the most active issue.

SINGAPORE reached another post-crash high, boosted by the strength of Wall Street, but stocks closed mixed. The Straits Times industrial index rose 8.08 to 1,303.48, on turnover of 101m shares, down from Monday's 103m.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	TUESDAY MAY 16 1989						MONDAY MAY 15 1989			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Day's change % local currency	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1989 High	1989 Low	Year ago (approx)
Australia (89)	137.43	−1.5	124.27	118.37	−0.8	4.71	139.55	126.19	119.27	157.12	128.28	122.65
Austria (19)	121.05	+0.0	109.47	121.90	−0.1	2.12	121.03	109.45	122.04	124.16	92.84	88.54
Belgium (63)	131.91	+0.8	119.29	132.56	+0.7	4.11	130.80	118.28	131.61	137.10	128.52	124.14
Canada (126)	137.28	+0.1	124.14	118.14	+0.0	3.34	137.08	123.96	118.17	137.28	124.67	118.16
Denmark (38)	178.87	+0.3	161.75	183.98	+0.4	1.82	178.27	161.21	183.30	181.03	165.35	121.44
Finland (26)	148.22	−1.4	134.03	134.16	+0.1	1.58	150.33	135.94	134.05	159.16	125.81	128.26
France (130)	115.92	−0.5	104.82	119.55	−0.4	3.15	116.55	105.40	119.98	122.79	112.57	88.18
West Germany (100)	81.87	−0.7	74.03	82.72	−0.7	2.43	82.48	74.58	83.27	90.40	81.77	74.69
Hong Kong (49)	139.51	−0.6	126.16	139.25	−0.6	3.88	140.33	126.90	140.08	140.33	111.80	100.60
Ireland (17)	144.03	+0.2	130.24	147.33	+0.2	2.86	143.72	129.96	147.07	151.36	125.00	124.71
Italy (98)	77.98	−0.2	70.51	82.34	+0.0	2.60	78.14	70.66	82.35	86.88	77.98	71.34
Japan (455)	185.92	+0.6	168.13	161.36	+0.6	0.47	184.87	167.18	160.33	200.11	180.30	173.78
Malaysia (36)	183.70	+0.1	166.11	190.42	+0.0	2.50	183.44	165.88	190.40	183.70	143.35	130.90
Mexico (13)	184.39	+0.6	166.74	493.02	+0.4	1.02	183.28	165.74	490.86	184.39	163.32	137.26
Netherland (42)	114.94	−0.3	103.94	114.89	−0.2	4.49	115.34	104.30	115.15	122.22	110.83	104.87
New Zealand (24)	70.92	−0.3	64.13	61.83	−0.3	6.92	71.12	64.32	62.00	76.02	66.84	77.27
Norway (26)	184.37	+1.2	166.72	175.30	+1.1	1.52	182.22	164.78	173.38	198.39	139.92	117.66
Singapore (26)	160.35	+1.1	145.00	145.05	+1.2	1.87	158.64	143.46	143.36	160.35	124.57	111.89
South Africa (60)	136.35	−0.8	123.30	122.91	+0.0	4.24	137.43	124.28	122.88	144.86	115.35	125.16
Spain (43)	150.80	+0.0	136.37	138.06	−0.1	3.62	150.82	136.39	138.20	156.17	143.14	149.70
Sweden (35)	156.57	+0.7	141.58	152.05	+0.9	2.26	155.41	140.53	150.75	162.00	138.45	121.35
Switzerland (57)	70.86	−0.1	64.08	76.26	−0.2	2.43	70.93	64.14	76.45	79.76	70.86	76.78
United Kingdom (315)	145.30	−0.5	131.39	131.39	−0.5	4.36	146.08	132.10	132.10	153.33	134.53	138.14
USA (559)	128.50	−0.2	116.21	128.50	−0.2	3.52	128.73	116.41	128.73	128.73	112.13	104.10
Europe (1009)	116.70	−0.4	105.53	112.35	−0.4	3.61	117.18	105.96	112.75	121.70	114.02	107.14
Nordic (125)	153.09	+0.4	138.44	145.59	+0.6	1.98	152.46	137.87	144.68	155.61	137.95	112.77
Pacific Basin (679)	181.91	+0.5	164.50	158.35	+0.6	0.68	181.03	163.71	157.44	194.72	176.37	168.91
Euro–Pacific (1688)	155.84	+0.2	140.92	140.03	+0.3	1.58	155.51	140.62	139.63	164.22	152.83	144.20
North America (885)	128.94	−0.2	116.60	127.87	−0.2	3.51	129.14	116.78	128.08	129.14	112.79	104.85
Europe Ex. UK (694)	99.01	−0.3	89.53	100.55	−0.2	2.99	99.31	89.80	100.77	105.29	98.84	87.96
Pacific Ex. Japan (224)	133.64	−0.9	120.85	120.37	−0.5	4.20	134.84	121.93	120.99	137.65	123.46	110.15
World Ex. US (1887)	155.01	+0.2	140.18	139.27	+0.3	1.65	154.70	139.90	138.69	162.77	152.04	143.11
World Ex. UK (2131)	144.42	+0.1	130.60	136.02	+0.2	2.05	144.22	130.42	135.75	148.04	138.06	127.09
World Ex. So. Af. (2386)	144.54	+0.1	130.70	135.68	+0.1	2.24	144.42	130.59	135.48	146.65	138.82	128.06
World Ex. Japan (1991)	124.72	−0.3	112.79	122.26	−0.2	3.58	125.08	113.11	122.56	125.08	114.51	106.11
The World Index (2446)	144.49	+0.1	130.66	135.57	+0.1	2.25	144.37	130.55	135.39	145.51	138.83	128.06